

KENNEDALE CITY COUNCIL AGENDA
SPECIAL MEETING | October 9, 2018
CITY HALL COUNCIL CHAMBERS, 405 MUNICIPAL DRIVE
WORK SESSION at 5:30 PM

I. CALL TO ORDER

NOTE: Pursuant to §551.071, Texas Government Code, City Council reserves the right to adjourn into Executive Session at any time during the Work Session or the Regular Session to discuss posted Executive Session items or to seek legal advice from the City Attorney on any item posted on the agenda.

II. DECISION ITEMS

- A. Ordinance authorizing the issuance of \$760,000 in principal amount of City of Kennedale, Texas Tax Note, Series 2018; securing the payment thereof by authorizing the levy of an annual ad valorem tax; and approving and authorizing the execution of a paying agent/registrars agreement, a purchase letter, and all other instruments and procedures related thereto

III. WORK SESSION

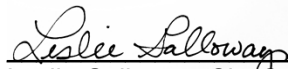
- A. Discuss infrastructure projects for potential inclusion in a Capital Improvement Program (CIP)
- B. Discuss appointments to a Charter Amendment Committee
- C. Conduct interviews of applicants for appointment to Advisory Boards and Commissions

IV. ADJOURNMENT

In compliance with the Americans with Disabilities Act, the City of Kennedale will provide for reasonable accommodations for persons attending City Council meetings. This building is wheelchair accessible, and parking spaces for disabled citizens are available. Requests for sign interpreter services must be made forty-eight (48) hours prior to the meetings. Please contact the City Secretary at 817.985.2104 or (TDD) 1.800.735.2989

CERTIFICATION

I do hereby certify that a copy of the October 9, 2018 agenda was posted on the bulletin board next to the main entrance of City Hall (405 Municipal Drive; Kennedale, TX 76060), in a place convenient and readily accessible to the general public at all times; and that said agenda was posted at least seventy-two (72) hours preceding the scheduled time of said meeting, in accordance with Chapter 551 of the Texas Government Code.


Leslie Galloway, City Secretary

Staff Report to the Honorable Mayor and City Council

Date: October 9, 2018

Agenda Item No: DECISION ITEMS - A.

I. Subject:

Ordinance authorizing the issuance of \$760,000 in principal amount of City of Kennedale, Texas Tax Note, Series 2018; securing the payment thereof by authorizing the levy of an annual ad valorem tax; and approving and authorizing the execution of a paying agent/registrar agreement, a purchase letter, and all other instruments and procedures related thereto

II. Originated by:

Kathryn Roberson, Deputy City Secretary

III. Summary:

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

Approve

VII. Alternative Actions:

VIII. Attachments:

1.	October 9th rates Tax Notes, Series 2018	October 9th rates Tax Notes, Series 2018.pdf
2.	Closing Docs - 2018 Kennedale Tax Note-3	Closing Docs - 2018 Kennedale Tax Note-3.pdf
3.	Investment Letter - 2018 City of Kennedale Tax Note - 3 cmp 2v3	Investment Letter - 2018 City of Kennedale Tax Note - 3 cmp 2v3.pdf
4.	Investment Letter - 2018 City of Kennedale Tax Note - 3	Investment Letter - 2018 City of Kennedale Tax Note - 3.pdf
5.	Paying Agent Ag - 2018 Kennedale Tax Note-2	Paying Agent Ag - 2018 Kennedale Tax Note-2.pdf
6.	Tax Note Ordinance-2018 City of Kennedale-3 cmp 2v3	Tax Note Ordinance-2018 City of Kennedale-3 cmp 2v3.pdf
7.	Tax Note Ordinance-2018 City of Kennedale-3	Tax Note Ordinance-2018 City of Kennedale-3.pdf

SOURCES AND USES OF FUNDS

City of Kennedale, Texas
Tax Notes, Series 2018

Dated Date 11/06/2018
Delivery Date 11/06/2018

Sources:	
Bond Proceeds:	
Par Amount	760,000.00
	760,000.00
Uses:	
Project Fund Deposits:	
Project Fund	736,450.00
Cost of Issuance:	
Other Cost of Issuance	23,550.00
	760,000.00

BOND PRICING

City of Kennedale, Texas
Tax Notes, Series 2018

Bond Component	Maturity Date	Amount	Rate	Yield	Price
Bond Component:					
	02/15/2019	185,000	2.250%	2.250%	100.000
	02/15/2020	240,000	2.350%	2.350%	100.000
	02/15/2021	335,000	2.500%	2.500%	100.000
		760,000			

Dated Date	11/06/2018	
Delivery Date	11/06/2018	
First Coupon	02/15/2019	
Par Amount	760,000.00	
Original Issue Discount		
Production	760,000.00	100.000000%
Underwriter's Discount		
Purchase Price	760,000.00	100.000000%
Accrued Interest		
Net Proceeds	760,000.00	

BOND DEBT SERVICE

City of Kennedale, Texas
Tax Notes, Series 2018

Dated Date 11/06/2018
Delivery Date 11/06/2018

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/15/2019	185,000	2.250%	4,998.81	189,998.81	
08/15/2019			7,007.50	7,007.50	
09/30/2019					197,006.31
02/15/2020	240,000	2.350%	7,007.50	247,007.50	
08/15/2020			4,187.50	4,187.50	
09/30/2020					251,195.00
02/15/2021	335,000	2.500%	4,187.50	339,187.50	
09/30/2021					339,187.50
	760,000		27,388.81	787,388.81	787,388.81

BOND SUMMARY STATISTICS

City of Kennedale, Texas
Tax Notes, Series 2018

Dated Date	11/06/2018
Delivery Date	11/06/2018
Last Maturity	02/15/2021
Arbitrage Yield	2.448324%
True Interest Cost (TIC)	2.448324%
Net Interest Cost (NIC)	2.447615%
All-In TIC	4.673145%
Average Coupon	2.447615%
Average Life (years)	1.472
Duration of Issue (years)	1.447
Par Amount	760,000.00
Bond Proceeds	760,000.00
Total Interest	27,388.81
Net Interest	27,388.81
Total Debt Service	787,388.81
Maximum Annual Debt Service	339,187.50
Average Annual Debt Service	346,104.97
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life
Bond Component	760,000.00	100.000	2.448%	1.472
	760,000.00			1.472

	TIC	All-In TIC	Arbitrage Yield
Par Value	760,000.00	760,000.00	760,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-23,550.00	
- Other Amounts			
Target Value	760,000.00	736,450.00	760,000.00
Target Date	11/06/2018	11/06/2018	11/06/2018
Yield	2.448324%	4.673145%	2.448324%

FORM 8038 STATISTICS

City of Kennedale, Texas
Tax Notes, Series 2018

Dated Date 11/06/2018
Delivery Date 11/06/2018

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Bond Component:						
	02/15/2019	185,000.00	2.250%	100.000	185,000.00	185,000.00
	02/15/2020	240,000.00	2.350%	100.000	240,000.00	240,000.00
	02/15/2021	335,000.00	2.500%	100.000	335,000.00	335,000.00
		760,000.00			760,000.00	760,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	02/15/2021	2.500%	335,000.00	335,000.00		
Entire Issue			760,000.00	760,000.00	1.4724	2.4483%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	23,550.00
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00

\$760,000
CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018

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*Indicates documents included in the Transcript of Proceedings submitted to the Attorney General of Texas.

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF TARRANT §
CITY OF KENNEDALE §

I, the undersigned City Secretary of the **CITY OF KENNEDALE, TEXAS** (the "**City**"), hereby certify as follows:

1. The City Council of the City (the "**City Council**") convened in Special Meeting on October 9, 2018, at the City Hall (the "**Meeting**"), and the roll was called of the duly constituted officers and members of the City Council, to wit:

Brian Johnson, Mayor
Jan Joplin, Mayor Pro Tem, Place 5
Rockie Gilley, Council Member - Place 1

Chris Pugh, Council Member - Place 2
Sandra Lee, Council Member - Place 3
Linda Rhodes, Council Member - Place 4

and all of the officers and members of the City Council were present, except the following absentees: _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

ORDINANCE AUTHORIZING THE ISSUANCE OF \$760,000 IN PRINCIPAL AMOUNT OF CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; AND APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, A PURCHASE LETTER, AND ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO

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

AYES: _____ NOES: _____ ABSTENTIONS: _____

2. A true, full and correct copy of the Ordinance adopted at the Meeting described in the above and foregoing paragraph is attached to and follows this Note; the Ordinance has been duly recorded in the City Council's minutes of the Meeting; the above and foregoing paragraph is a true, full and correct excerpt from the City Council's minutes of the Meeting pertaining to the passage of the Ordinance; the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the Meeting, and that the Ordinance would be introduced and considered for passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such purpose; and the Meeting was open to the public and public notice of the time, place and purpose of the Meeting was given, all as required by Chapter 551, Texas Government Code.

SIGNED AND SEALED the 9th day of October, 2018.

(SEAL)

City Secretary
City of Kennedale, Texas

GENERAL CERTIFICATE

THE STATE OF TEXAS §
COUNTY OF TARRANT §
CITY OF KENNEDALE §

We, the undersigned, hereby officially certify that we are the Mayor and City Secretary, respectively, of the **CITY OF KENNEDALE, TEXAS** (the "**City**"), and we further certify as follows:

1. This Note is given for the benefit of the Attorney General of the State of Texas and all parties interested in the **CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018** (the "**Note**"), dated as of October 1, 2018, and authorized by an ordinance passed by the City Council of the City on October 9, 2018 (the "**Ordinance**").

2. The City is a duly incorporated Home Rule City, having more than 5,000 inhabitants, operating and existing under the Constitution and laws of the State of Texas and the duly adopted Home Rule Charter of the City, which Charter has not been changed or amended since the voters of the City approved certain amendments at an election held on May 16, 2016.

3. No litigation of any nature has ever been filed pertaining to, affecting or contesting: (a) the issuance, delivery, payment, security or validity of the proposed Note; (b) the authority of the officers of the City to issue, execute and deliver the Note; or (c) the validity of the corporate existence or the current Tax Rolls of the City; and no litigation is pending pertaining to, affecting or contesting the boundaries of the City.

4. The currently effective ad valorem tax appraisal roll of the City (the "**Tax Roll**") is the Tax Roll prepared and approved during the calendar year 2018, being the most recently approved Tax Roll of the City; that the taxable property in the City has been appraised, assessed, and valued as required and provided by the Texas Constitution and Property Tax Code (collectively, "**Texas law**"); that the Tax Roll for said year has been submitted to the City Council of the City as required by Texas law, and has been approved and recorded by the City Council; and according to the Tax Roll for said year the net aggregate taxable value of taxable property in the City (after deducting the amount of all applicable exemptions required or authorized under Texas law), upon which the annual ad valorem tax of the City has been or will be imposed and levied, is \$693,034.899.

5. Attached hereto as Exhibit A is a true, full and correct schedule and statement of the aforesaid proposed Note, and all presently outstanding tax indebtedness of the City, and attached hereto as Exhibit B is a combined debt service schedule for all outstanding tax indebtedness of the City (including the proposed Note). The City is not in default as to any covenant, condition, or obligation in connection with any of such outstanding obligations or the ordinances authorizing same.

6. Revenues of the City's Waterworks and Sewer System have not been encumbered other than in connection with (i) the series of outstanding Notes of Obligation described in the attached Exhibit A, and (ii) the proposed Note.

7. Attached hereto as Exhibit C is a true and correct schedule of the current rates and charges for the City's Waterworks and Sewer System.

8. Attached hereto as Exhibit D is a true, full and correct schedule and statement of the income and expenses of the City's Waterworks and Sewer System for the past five fiscal years (year ending September 30).

9. The following persons are the duly elected members of the City Council of the City as of the date hereof:

Mayor	Brian Johnson
Mayor Pro Tem - Place 5	Jan Joplin
Council Member - Place 1	Rockie Gilley
Council Member - Place 2	Chris Pugh
Council Member - Place 3	Sandra Lee
Council Member - Place 4	Linda Rhodes

10. The following persons are the duly appointed City Manager, City Secretary and Director of Finance of the City as of the date hereof:

City Manager	George Campbell
City Secretary	Leslie Galloway
Director of Finance	Brady Olsen

11. The City received all required disclosure filings under Section 2252.908, Texas Government Code, in connection with the authorization and issuance of the Note and has notified, or will timely notify, the Texas Ethics Commission of its receipt of such filings by acknowledging such filings in accordance with the provisions of Section 2252.908, Texas Government Code, and 1 Tex. Admin. Code § 46.5(c).

12. The proceeds of the Note will not be used for a purpose previously rejected by the voters of the City in a bond election held during the preceding three years.

13. With respect to the contracts contained within the transcript of proceedings relating to the Bonds submitted to the Attorney General of Texas that are subject to Subchapter F of Chapter 2252, Texas Government Code, the District has confirmed that none of such counter parties are identified on a list prepared and maintained under Sections 2270.0201 or 2252.153 of the Texas Government Code, to the extent such lists have been prepared and made available for public review as of the date of this Note by the appropriate state agency.

SIGNED AND SEALED THIS 9TH DAY OF OCTOBER, 2018.

Mayor
City of Kennedale, Texas

City Secretary
City of Kennedale, Texas

(SEAL)

EXHIBIT A

SCHEDULE OF ALL OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS OF THE CITY OF KENNEDALE, TEXAS

THE PROPOSED TAX NOTE

TAX NOTE, SERIES 2018, dated October 1, 2018, to be outstanding in the aggregate principal amount of \$760,000, bearing interest and maturing as set forth in the Ordinance authorizing such Note.

ALL PRESENTLY OUTSTANDING TAX INDEBTEDNESS:

<u>TITLE OF OUTSTANDING OBLIGATIONS</u>	<u>DATED DATE</u>	<u>CURRENT OUTSTANDING PRINCIPAL AMOUNT (\$)</u>
General Obligation Refunding Bonds, Series 2007	02/01/2007	1,605,000
Combination Tax & Revenue Notes of Obligation, Series 2007	02/01/2007	1,600,000
Combination Tax & Revenue Notes of Obligation, Series 2007A	10/01/2007	1,175,000
Combination Tax & Revenue Notes of Obligation, Series 2010	01/01/2010	1,365,000
Combination Tax & Revenue Notes of Obligation, Series 2011	06/01/2011	1,870,000
General Obligation Refunding Bonds, Series 2016	09/01/2016	<u>3,535,000</u>
TOTAL PRINCIPAL AMOUNT CURRENTLY OUTSTANDING:	***	<u><u>11,150,000</u></u>

EXHIBIT B

COMBINED DEBT SERVICE SCHEDULE

EXHIBIT C

CURRENT WATERWORKS AND SEWER SYSTEM RATES

EXHIBIT D

WATERWORKS AND SEWER SYSTEM
FISCAL YEAR ENDED SEPTEMBER 30

	2017	2016	2015	2014	2013
REVENUES	\$6,460,049	\$6,555,146	\$7,362,971	\$6,856,568	\$6,280,275
EXPENSES	<u>7,558,982</u>	<u>7,020,665</u>	<u>6,745,291</u>	<u>6,523,102</u>	<u>6,306,631</u>
TOTAL	\$(1,098,933)	\$ (465,519)	\$ 617,680	\$ 333,466	\$ 26,356

SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

We, the undersigned Mayor and City Secretary, respectively, of the **CITY OF KENNEDALE, TEXAS** (the "**City**"), hereby certify as follows:

(a) This Note is executed and delivered with reference to the **CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018**, dated October 1, 2018, authorized by an ordinance passed by the City Council of the City on October 9, 2018 (the "**Note**").

(b) Each of us signed the Note by manually executing or causing facsimiles of our manual signatures to be printed or lithographed on the Note, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed the Note.

(c) The Note is substantially in the form, and it has been duly executed and signed in the manner, prescribed in the ordinance authorizing the issuance thereof.

(d) At the time we so executed and signed the Note we were, and at the time of executing this Note we are, the duly chosen, qualified, and acting officers indicated therein, and authorized to execute and sign the same.

(e) No litigation of any nature has been filed or is now pending or, to our knowledge, threatened, to restrain or enjoin the issuance or delivery of the Note, or which would affect the provision made for its payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Note, and that so far as we know and believe no such litigation is threatened.

(f) Neither the corporate existence nor boundaries of the City is being contested; no litigation has been filed or is now pending or, to our knowledge, threatened, which would affect the authority of the officers of the City to issue, execute, sign, and deliver the Note; and no authority or proceedings for the issuance of the Note have been repealed, revoked, or rescinded.

(g) We have caused the official seal of the City to be impressed, or printed, or lithographed on the Note; and said seal on the Note has been duly adopted as, and is hereby declared to be, the official seal of the City.

EXECUTED and delivered this _____.

MANUAL SIGNATURES

OFFICIAL TITLES

Brian Johnson, Mayor

Leslie Galloway, City Secretary

Before me, on this day personally appeared the foregoing individuals, known to me to be the officers whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

Given under my hand and seal of office this _____.

Notary Public

Typed Name _____

(My Commission Expires _____)

(Notary Seal)

October 9, 2018

Texas State Comptroller of Public Accounts
Cash and Securities Management Division
Thomas Jefferson Rusk Building
208 East 10th Street, 4th Floor, Room 448
Austin, Texas 78701-2407
Attn: Melissa Mora

RE: CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018

Ladies and Gentlemen:

The Attorney General will deliver to you the above-described issues of obligations. At such time as you have registered such obligations, this will be your authority to deliver them to an authorized representative of McCall, Parkhurst & Horton L.L.P. who will deliver said obligations to the Paying Agent/Registrar named in the obligations for delivery to the purchasers thereof.

At the time you have registered the obligations, please deliver three copies of the Attorney General's opinion and the Comptroller's Signature Note covering said issue of obligations to a representative of McCall, Parkhurst & Horton L.L.P., or send such documents by overnight courier to Orlando "Jay" Juarez, Jr. and Thomas K. Spurgeon, McCall, Parkhurst & Horton L.L.P., 700 N. St. Mary's, Suite 1525, San Antonio, Texas 78205.

Sincerely yours,

CITY OF KENNEDALE, TEXAS

Mayor

cc: Attorney General of Texas

October 9, 2018

The Attorney General of Texas
Public Finance Division
300 W. 15th Street, 7th Floor
Austin, Texas 78701

RE: CITY OF KENENDALE, TEXAS TAX NOTE, SERIES 2018

Ladies and Gentlemen:

It is requested that you examine the above issues of obligations and the proceedings authorizing their issuance.

We enclose herewith one signed but undated copy of the Signature Identification and No-Litigation Note. Upon approval of the obligations, you are authorized to insert the date of approval in said Signature Note. If any litigation should develop before you have approved the obligations, we will notify you at once both by telephone and telecopy. With this assurance you can rely upon the absence of any such litigation at the time you approve the obligations unless we advise you otherwise.

After you have examined the obligations, kindly deliver them to the Office of the Comptroller of Public Accounts of the State of Texas. The Comptroller has received instructions as to disposition of such obligations following their registration.

Sincerely yours,

CITY OF KENNEDALE, TEXAS

Mayor

cc: Comptroller of Public Accounts

RECEIPT FOR PROCEEDS

The undersigned hereby certifies as follows:

(a) This Receipt is executed and delivered with reference to the **CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018** (the "**Note**"), dated October 1, 2018, in the aggregate principal amount of **\$760,000** authorized by an ordinance passed by the City Council of the **CITY OF KENNEDALE, TEXAS** (the "**City**") on October 9, 2018.

(b) The undersigned is the duly chosen, qualified, and acting Director of Finance of the City.

(c) The Note has been duly delivered to the initial purchaser thereof, namely

PRESIDIO SHORT TERM TAX-EXEMPT FUND, LP

(d) The Note has been paid for in full by said purchaser concurrently with the delivery of this Receipt, and the City has received, and hereby acknowledges receipt of, the agreed purchase price for the Note, being \$_____ (which amount is equal to par less a discount retained by the purchaser of \$_____), and no accrued interest.

EXECUTED and delivered this _____.

CITY OF KENNEDALE, TEXAS

Director of Finance

[Letterhead of Presidio Short Term Tax-Exempt Fund, LP]

October ~~29~~, 2018

City of Kennedale, Texas
405 Municipal Drive
Kennedale, Texas 76060

McCall, Parkhurst & Horton L.L.P.
700 N. St. Mary's St., Suite 1525
San Antonio, Texas 78205

SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209

Re: \$760,000 City of Kennedale, Texas Tax Note, Series 2018 (the "Note")

The undersigned (the "Bank"), as purchaser of \$760,000 in principal amount of the captioned obligation (the "Note"), hereby acknowledges and confirms that it has been furnished such financial, statistical and other information with respect to City of Kennedale, Texas (the "Issuer") and the Note, including a certified copy of the Ordinance of the City Council of the Issuer which authorized the issuance of the Note (the "Ordinance"), as the Bank deems necessary to enable it to make an informed decision with respect to the purchase of the Note.

The Bank understands that the Note is a general obligation of the Issuer, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Note, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limits provided by law. All terms not otherwise defined herein shall have the meaning assigned to such term in the Ordinance.

In connection with its purchase of the Note, the Bank agrees as follows:

- A. Delivery of the Note to the Bank (the "Closing") shall be made at the Bank on October 25, 2018, it being understood that this delivery date may be extended by mutual consent of the Bank and the Issuer.
- B. The Note shall (i) mature on February 15 in each of the years and in the respective principal amounts, and (ii) bear interest from Closing to their respective date of maturity at the respective interest rates, all as set forth below:

<u>Maturity Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
2019	185,000	2. 20 ²⁵
2020	240,000	2. 30 ³⁵
2021	335,000	2. 40 ⁵⁰

- C. Interest on the Note shall be payable on each February 15 and August 15, commencing on February 15, 2019, until stated maturity or prior redemption. The Note is subject to optional redemption on February 15, 2020 or any date thereafter at the redemption price of par plus accrued interest to the redemption date.
- D. The Note will be fully registered as to principal and interest, and UMB Bank, N.A., Dallas, Texas, shall serve as the initial paying agent and registrar for the Note.
- E. In regard to its purchase of the Note, the Bank acknowledges that no prospectus or other offering document has been prepared; however, the Issuer has furnished the Bank with a term sheet and all information requested by the Bank to permit the Bank to make an informed decision concerning its purchase of the Note, and the Bank has made such inspections and investigations as it has deemed necessary to determine the credit quality of the Note and to assess all risk factors associated with the purchase and ownership of the Note. The Bank hereby acknowledges and represents that it is familiar with the financial condition of the Issuer and the ability of the Issuer to timely pay the principal of and interest on the Note. The Bank has been furnished with such financial information relating to the Issuer as it has requested for the purposes of making its assessment of the purchase of the Note. The Bank has had a reasonable opportunity to request and review such other information as it needs from the Issuer in order to enable it to make its purchase decision. The Bank is not relying on McCall, Parkhurst & Horton L.L.P., the Issuer's Bond Counsel, or SAMCO Capital Markets, Inc., the Issuer's Financial Advisor, as to the completeness or accuracy of any financial information provided to the Bank by the Issuer in connection with its determination to purchase the Note.
- F. The Note is being purchased by the Bank for the account of the Bank as evidence of a loan (and not on behalf of another), and the Bank has no present intention of reselling such Note or dividing its interest therein, either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; provided, however that the Bank reserves the right to sell, pledge, transfer, convey, hypothecate, participate interests in or dispose of the Note at some future date.
- G. The Bank acknowledges that the Note will not be listed on any securities exchange. Further, no trading market now exists for the Note, and none may exist in the future. Accordingly, the Bank understands that it may need to bear the risks of the purchase for an indefinite time, since any sale prior to the maturity for the Note may not be possible or may be at a price below that which the Bank is paying for the Note.
- H. It is understood and agreed that the Bank is buying the Note in a private placement by the Issuer to the Bank. The Issuer has not undertaken to make any on-going disclosures for the benefit of the registered owner of the Note in accordance with Rule 15c2-12 of the Securities and Exchange Commission.
- I. It is understood and agreed that the Issuer shall pay the legal fees for counsel retained by the Bank in connection with the Bank's purchase of the Note in an amount not to exceed \$1,500.00.

- J. The Issuer covenants that it will deliver to the Bank its audited financial statements within six months after each fiscal year end.

The Bank's obligation to purchase the Note is conditioned on the Bank's receipt of following items:

- (i) an opinion of McCall, Parkhurst & Horton L.L.P, as Bond Counsel, in the form acceptable to the Bank, as to the validity and enforceability of the Note;
- (ii) an unqualified opinion of the Attorney General of the State, relating to the legality and validity of the Note and approving the Note as required by law;
- (iii) evidence reflecting the registration of the Note by the Comptroller of Public Accounts of the State of Texas as required by law; and
- (iv) a certificate or certificates, dated the date of closing, of appropriate officials of the Issuer, to the effect that (a) the Issuer is not a party to any litigation or other proceeding pending or, to such official's knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer, and (b) there has not been any materially adverse change in the financial condition of the Issuer since September 30, 2017, the latest date as of which audited financial information is available.

(Execution Page Follows)

Very truly yours,

**PRESIDIO SHORT TERM
TAX-EXEMPT FUND, LP**

By: _____
Name: _____
Title: _____

AGREED TO AND ACCEPTED
this ~~2nd~~9th day of October, 2018.

CITY OF KENNEDALE, TEXAS

By: _____
Name: Brian Johnson
Title: Mayor

Signature Page to the Purchase Letter Relating to
City of Kennedale, Texas Tax Note, Series 2018

[Letterhead of Presidio Short Term Tax-Exempt Fund, LP]

October 9, 2018

City of Kennedale, Texas
405 Municipal Drive
Kennedale, Texas 76060

McCall, Parkhurst & Horton L.L.P.
700 N. St. Mary's St., Suite 1525
San Antonio, Texas 78205

SAMCO Capital Markets, Inc.
1020 NE Loop 410, Suite 640
San Antonio, Texas 78209

Re: \$760,000 City of Kennedale, Texas Tax Note, Series 2018 (the "Note")

The undersigned (the "Bank"), as purchaser of \$760,000 in principal amount of the captioned obligation (the "Note"), hereby acknowledges and confirms that it has been furnished such financial, statistical and other information with respect to City of Kennedale, Texas (the "Issuer") and the Note, including a certified copy of the Ordinance of the City Council of the Issuer which authorized the issuance of the Note (the "Ordinance"), as the Bank deems necessary to enable it to make an informed decision with respect to the purchase of the Note.

The Bank understands that the Note is a general obligation of the Issuer, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Note, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the Issuer, and have been pledged for such payment, within the limits provided by law. All terms not otherwise defined herein shall have the meaning assigned to such term in the Ordinance.

In connection with its purchase of the Note, the Bank agrees as follows:

- A. Delivery of the Note to the Bank (the "Closing") shall be made at the Bank on October 25, 2018, it being understood that this delivery date may be extended by mutual consent of the Bank and the Issuer.
- B. The Note shall (i) mature on February 15 in each of the years and in the respective principal amounts, and (ii) bear interest from Closing to their respective date of maturity at the respective interest rates, all as set forth below:

<u>Maturity Year</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
2019	185,000	2.25
2020	240,000	2.35
2021	335,000	2.50

- C. Interest on the Note shall be payable on each February 15 and August 15, commencing on February 15, 2019, until stated maturity or prior redemption. The Note is subject to optional redemption on February 15, 2020 or any date thereafter at the redemption price of par plus accrued interest to the redemption date.
- D. The Note will be fully registered as to principal and interest, and UMB Bank, N.A., Dallas, Texas, shall serve as the initial paying agent and registrar for the Note.
- E. In regard to its purchase of the Note, the Bank acknowledges that no prospectus or other offering document has been prepared; however, the Issuer has furnished the Bank with a term sheet and all information requested by the Bank to permit the Bank to make an informed decision concerning its purchase of the Note, and the Bank has made such inspections and investigations as it has deemed necessary to determine the credit quality of the Note and to assess all risk factors associated with the purchase and ownership of the Note. The Bank hereby acknowledges and represents that it is familiar with the financial condition of the Issuer and the ability of the Issuer to timely pay the principal of and interest on the Note. The Bank has been furnished with such financial information relating to the Issuer as it has requested for the purposes of making its assessment of the purchase of the Note. The Bank has had a reasonable opportunity to request and review such other information as it needs from the Issuer in order to enable it to make its purchase decision. The Bank is not relying on McCall, Parkhurst & Horton L.L.P., the Issuer's Bond Counsel, or SAMCO Capital Markets, Inc., the Issuer's Financial Advisor, as to the completeness or accuracy of any financial information provided to the Bank by the Issuer in connection with its determination to purchase the Note.
- F. The Note is being purchased by the Bank for the account of the Bank as evidence of a loan (and not on behalf of another), and the Bank has no present intention of reselling such Note or dividing its interest therein, either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; provided, however that the Bank reserves the right to sell, pledge, transfer, convey, hypothecate, participate interests in or dispose of the Note at some future date.
- G. The Bank acknowledges that the Note will not be listed on any securities exchange. Further, no trading market now exists for the Note, and none may exist in the future. Accordingly, the Bank understands that it may need to bear the risks of the purchase for an indefinite time, since any sale prior to the maturity for the Note may not be possible or may be at a price below that which the Bank is paying for the Note.
- H. It is understood and agreed that the Bank is buying the Note in a private placement by the Issuer to the Bank. The Issuer has not undertaken to make any on-going disclosures for the benefit of the registered owner of the Note in accordance with Rule 15c2-12 of the Securities and Exchange Commission.
- I. It is understood and agreed that the Issuer shall pay the legal fees for counsel retained by the Bank in connection with the Bank's purchase of the Note in an amount not to exceed \$1,500.00.

- J. The Issuer covenants that it will deliver to the Bank its audited financial statements within six months after each fiscal year end.

The Bank's obligation to purchase the Note is conditioned on the Bank's receipt of following items:

- (i) an opinion of McCall, Parkhurst & Horton L.L.P, as Bond Counsel, in the form acceptable to the Bank, as to the validity and enforceability of the Note;
- (ii) an unqualified opinion of the Attorney General of the State, relating to the legality and validity of the Note and approving the Note as required by law;
- (iii) evidence reflecting the registration of the Note by the Comptroller of Public Accounts of the State of Texas as required by law; and
- (iv) a certificate or certificates, dated the date of closing, of appropriate officials of the Issuer, to the effect that (a) the Issuer is not a party to any litigation or other proceeding pending or, to such official's knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer, and (b) there has not been any materially adverse change in the financial condition of the Issuer since September 30, 2017, the latest date as of which audited financial information is available.

(Execution Page Follows)

Very truly yours,

**PRESIDIO SHORT TERM
TAX-EXEMPT FUND, LP**

By: _____
Name: _____
Title: _____

AGREED TO AND ACCEPTED
this 9th day of October, 2018.

CITY OF KENNEDALE, TEXAS

By: _____
Name: Brian Johnson
Title: Mayor

Signature Page to the Purchase Letter Relating to
City of Kennedale, Texas Tax Note, Series 2018

PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT, dated as of October 1, 2018 (this "***Agreement***"), is by and between the **CITY OF KENNEDALE, TEXAS** (the "***Issuer***") and **UMB BANK, N.A.**, Dallas, Texas (the "***Bank***"), a national bank duly organized and operating under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its **CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018** (the "***Securities***"), such Securities to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Securities are scheduled to be delivered to the initial purchasers thereof on or about November 6, 2018; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on the Securities and with respect to the registration, transfer, and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE
APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

SECTION 1.01. APPOINTMENT. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities. As Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Ordinance" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities. As Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Ordinance, a copy of which books and records shall be maintained at the office of the Bank located in the State of Texas or shall be available to be accessed from such office located in the State of Texas.

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

SECTION 1.02. COMPENSATION. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Schedule A attached hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank's current fee schedule then in effect for services as Paying Agent/Registrar for municipalities, which shall be supplied to the Issuer on or before 90 days prior to the close of the Fiscal Year of the Issuer, and shall be effective upon the first day of the following Fiscal Year.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

SECTION 2.01. DEFINITIONS. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Bank Office" means the corporate trust or commercial banking office of the Bank initially located at the following address:

UMB Bank, N.A.
Attention: Corporate Trust & Escrow Services
5910 N Central Expressway, Suite 1900
Dallas, Texas 75206

The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Financial Advisor" means SAMCO Capital Markets, Inc.

"Fiscal Year" means the fiscal year of the Issuer, ending September 30.

"Holder" and **"Security Holder"** each means the Person in whose name a Security is registered in the Security Register.

"Legal Holiday" means a day on which the Bank is required or authorized to be closed.

"Ordinance" means the resolutions, orders or ordinances of the governing body of the Issuer pursuant to which the Securities are issued, certified by the Secretary or any other officer of the Issuer and delivered to the Bank, together with any pricing certificate executed pursuant thereto.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Ordinance).

"Redemption Date" when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinance.

"Responsible Officer" when used with respect to the Bank means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Securities.

"Stated Maturity" means the date specified in the Ordinance the principal of a Security is scheduled to be due and payable.

SECTION 2.02. OTHER DEFINITIONS. The terms "Bank," "Issuer," and "Securities" ("Security") have the meanings assigned to them in the recital paragraphs of this Agreement.

The term **"Paying Agent/Registrar"** refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT

SECTION 3.01. DUTIES OF PAYING AGENT. (a) Principal Payments. As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of each Security at its Stated Maturity or Redemption Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

(b) Interest Payments. As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States mail, first class postage prepaid, on each payment date, to the Holders of the Securities (or their Predecessor Securities) on the respective

Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

(c) **Federal Tax Information Reporting.** To the extent required by the Code and the Regulations it shall be the duty of the Bank to report to the owners of the Securities and the Internal Revenue Service (i) the amount of "reportable payments," if any, subject to back up withholding during each year and the amount of tax withheld, if any, with respect to the payments on the Securities, and (ii) the amount of interest or amount treated as interest, such as original issue discount, on the Securities required to be included in the gross income of the owners thereof for federal income tax purposes.

SECTION 3.02. PAYMENT DATES. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Ordinance.

ARTICLE FOUR REGISTRAR

SECTION 4.01. SECURITY REGISTER - TRANSFERS AND EXCHANGES. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "***Security Register***") for recording the names and addresses of the Holders of the Securities, the transfer, exchange, and replacement of the Securities, and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. If the Bank Office is located outside the State of Texas, a copy of the Security Register shall be kept in the State of Texas. All transfers, exchanges, and replacement of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the Financial Industry Regulatory Authority, in form satisfactory to the Bank, duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer, or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

SECTION 4.02. SECURITIES. The Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

SECTION 4.03. FORM OF SECURITY REGISTER. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer, and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

SECTION 4.04. LIST OF SECURITY HOLDERS. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

Unless required by law, the Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register.

SECTION 4.05. RETURN OF CANCELLED SECURITIES. The Bank will, at such reasonable intervals as it determines, surrender Securities to the Issuer in lieu of which or in exchange for which other Securities have been issued, or which have been paid, or will provide a certificate of destruction relating thereto.

SECTION 4.06. MUTILATED, DESTROYED, LOST, OR STOLEN SECURITIES. The Issuer hereby instructs the Bank, subject to the applicable provisions of the Ordinance, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an over issuance.

In case any Security shall be mutilated, or destroyed, lost, or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed, lost, or stolen Security, only after (i) the filing by the Holder thereof with the Bank of evidence satisfactory

to the Bank of the destruction, loss, or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution, and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost, or stolen.

SECTION 4.07. TRANSACTION INFORMATION TO ISSUER. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

SECTION 5.01. DUTIES OF BANK. The Bank undertakes to perform the duties set forth herein and in the Ordinance and agrees to use reasonable care in the performance thereof.

The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum as prepared by the Issuer's Financial Advisor, bond counsel or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum acknowledged by the Financial Advisor or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

SECTION 5.02. RELIANCE ON DOCUMENTS, ETC. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting

upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

SECTION 5.03. RECITALS OF ISSUER. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

SECTION 5.04. MAY HOLD SECURITIES. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

SECTION 5.05. MONEY HELD BY BANK. The Bank shall deposit any moneys received from the Issuer into an account to be held in a fiduciary capacity for the payment of the Securities, with such moneys in the account that exceed the deposit insurance, available to the Issuer, provided by the Federal Deposit Insurance Corporation to be fully collateralized with securities or obligations that are eligible under the laws of the State of Texas and to the extent practicable under the laws of the United States of America to secure and be pledged as collateral for trust accounts until the principal and interest on such securities have been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Securities shall, at its own expense and risk, request such other medium of payment.

Funds held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained in the name and for the benefit of the Issuer.

The Bank shall be under no liability for interest on any money received by it hereunder.

Any money deposited with the Bank for the payment on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Property Code (Unclaimed Property).

The Bank will comply with the reporting provisions of Chapter 74 of the Property Code with respect to property that is presumed abandoned under Chapter 72 or Chapter 75 of the Property Code or inactive under Chapter 73 of the Property Code.

SECTION 5.06. INDEMNIFICATION. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

SECTION 5.07. INTERPLEADER. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the County in the State of Texas where either the Bank maintains an office or the administrative offices of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction located in the State of Texas to determine the rights of any Person claiming any interest herein.

SECTION 5.08. DEPOSITORY TRUST COMPANY SERVICES. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements," effective from time to time, which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

SECTION 5.09. CERTIFICATE OF INTERESTED PARTIES FORM 1295. The Bank represents and warrants that it is exempt from the requirements of Section 2252.908 of the Texas Government Code, as amended, pursuant to subsection (c)(4) thereof, and, accordingly, the Bank is not required to file a Certificate of Interested Parties Form 1295 otherwise prescribed thereunder.

SECTION 5.10. REPRESENTATIONS REGARDING NOT BOYCOTTING ISRAEL. The Bank represents and warrants, for purposes of Chapter 2270 of the Texas Government Code, that at the time of execution and delivery of this Agreement, neither the Bank, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Bank (a "**Related Entity**"), boycotts Israel. The Bank agrees that, except to the extent otherwise required by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, neither the Bank nor any Related Entity will boycott Israel during the term of this Agreement. The terms "boycotts Israel" and "boycott Israel" as used in this Section means refusing to deal with, terminating business activities with, or otherwise taking any action that is intended to penalize, inflict economic harm on, or limit commercial relations specifically with Israel, or with a person or entity doing business in Israel or in an Israeli-controlled territory, but does not include an action made for ordinary business.

SECTION 5.11. NOT A LISTED COMPANY. Pursuant to Subchapter F, Chapter 2252, Texas Government Code, as amended, to the extent applicable, the Bank represents that it is not a "company," as that term is defined by Section 2270.0001(2) of the Texas Government Code, as amended, engaged in business with Iran, Sudan, or a foreign terrorist organization and that it is not on a list prepared and maintained by the Comptroller of Public Accounts of the State of Texas under Sections 2252.153 and 2270.0201 of the Texas Government Code, as amended.

ARTICLE SIX MISCELLANEOUS PROVISIONS

SECTION 6.01. AMENDMENT. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

SECTION 6.02. ASSIGNMENT. This Agreement may not be assigned by either party without the prior written consent of the other.

SECTION 6.03. NOTICES. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses set forth below:

Issuer: City of Kennedale, Texas
405 Municipal Drive
Kennedale, Texas 76060

Bank: UMB Bank, N.A.
Attention: Corporate Trust & Escrow Services
5910 N Central Expressway, Suite 1900
Dallas, Texas 75206

SECTION 6.04. EFFECT OF HEADINGS. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 6.05. SUCCESSORS AND ASSIGNS; MERGER, CONVERSION, CONSOLIDATION OR SUCCESSION. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto. In case any Security shall have been registered, but not delivered, by the Bank then in office, any successor by merger,

conversion, or consolidation to such authenticating Bank may adopt such registration and deliver the Security so registered with the same effect as if such successor Bank had itself registered such Security.

SECTION 6.06. SEVERABILITY. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 6.07. BENEFITS OF AGREEMENT. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

SECTION 6.08. ENTIRE AGREEMENT. This Agreement and the Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Ordinance, the Ordinance shall govern.

SECTION 6.09. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

SECTION 6.10. TERMINATION. This Agreement will terminate on the date of final payment of the principal of and interest on the Securities to the Holders thereof or may be earlier terminated by either party upon 60 days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted, and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. If the 60-day notice period expires and no successor has been appointed, the Bank, at the expense of the Issuer, has the right to petition a court of competent jurisdiction to appoint a successor under the Agreement. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

SECTION 6.11. GOVERNING LAW. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

UMB BANK, N.A.

By: _____

Title: _____

Attest:

Title: _____

CITY OF KENNEDALE, TEXAS

By: _____

Mayor

Address: 405 Municipal Drive
Kennedale, Texas 76060

Attest:

City Secretary

SCHEDULE A

PAYING AGENT/REGISTRAR FEE SCHEDULE

See attached

ORDINANCE NO. _____

ORDINANCE AUTHORIZING THE ISSUANCE OF \$760,000 IN PRINCIPAL AMOUNT OF *CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018*; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; AND APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, A PURCHASE LETTER, AND ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO

DATE OF APPROVAL: OCTOBER 29, 2018

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ORDINANCE NO. _____

ORDINANCE AUTHORIZING THE ISSUANCE OF \$760,000 IN PRINCIPAL AMOUNT OF *CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018*; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; AND APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, A PURCHASE LETTER, AND ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO

STATE OF TEXAS §
COUNTY OF TARRANT §
CITY OF KENNEDALE §

WHEREAS, the CITY OF KENNEDALE, TEXAS (the "**City**") in Tarrant County, Texas, is a political subdivision of the State of Texas operating as a home rule municipality under the Constitution and laws of the State of Texas and its City Charter, which was initially approved by the qualified voters of the City on January 17, 1998, and was most recently amended by the qualified voters of the City on May 16, 2016; and

WHEREAS, the City Council of the City hereby determines that it is necessary and desirable to construct street improvements in various locations in the City, together with curbs, gutters, sidewalks, utility relocation and/or drainage improvements incidental thereto (collectively, the "**Projects**"); and

WHEREAS, pursuant to Chapter 1431, Texas Government Code, as amended (the "**Act**"), the City Council of the City is authorized and empowered to issue anticipation notes to pay contractual obligations incurred or to be incurred (i) for the construction of any public work, and (ii) for the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the City's authorized needs and purposes; and

WHEREAS, in accordance with the provisions of the Act, the City Council hereby finds and determines that an anticipation note should be issued and sold at this time to finance the Projects; and

WHEREAS, the City Council of the City deems it appropriate to adopt this Ordinance and issue the Note herein authorized as permitted by the Act; and

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

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

SECTION 1. AMOUNT AND PURPOSE OF THE NOTE. The Note of the City is hereby authorized to be issued and delivered in the aggregate principal amount of ***\$760,000 FOR THE PURPOSE OF CONSTRUCTING STREET IMPROVEMENTS IN VARIOUS LOCATIONS IN THE CITY, TOGETHER WITH CURBS, GUTTERS, SIDEWALKS, UTILITY RELOCATION AND/OR DRAINAGE IMPROVEMENTS INCIDENTAL THERETO, AND PAYING COSTS OF ISSUANCE.***

SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITY OF NOTE. (a) Each note issued pursuant to this Ordinance shall be designated **CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018**, and initially there shall be issued, sold, and delivered hereunder one fully registered note, without interest coupons, dated October 1, 2018, in the denomination and principal amount of \$760,000, numbered R-1, with any note issued in replacement thereof being in the denomination and principal amount hereinafter stated and numbered consecutively from R-2 upward, payable in installments to the registered owner thereof, or to the registered assignee of said note (in each case, the "***Registered Owner***").

(b) Principal of the Note shall mature and be payable in installments on the dates and in the principal installment amounts and shall bear interest at the per annum rate set forth in the following schedule:

<u>PAYMENT DATE</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>
02/15/2019	185,000	2.2 <u>05</u>
02/15/2020	240,000	2.3 <u>05</u>
02/15/2021	335,000	2. <u>4050</u>

The term "***Note***" as used in this Ordinance shall mean and include collectively the note initially issued and delivered pursuant to this Ordinance, as well as all other substitute notes and replacement notes issued pursuant hereto.

SECTION 3. INTEREST. The Note shall bear interest from the dates specified in the FORM OF NOTE set forth in this Ordinance to date of maturity at the respective rate per annum for each principal installment set forth above. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF NOTE set forth in this Ordinance. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

SECTION 4. CHARACTERISTICS OF THE NOTE.

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

Except as provided in Section 5(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Note, date and manually sign said Note, and no such Note shall be deemed to be issued or outstanding unless such Note is so executed. The Paying Agent/Registrar promptly shall cancel the paid Note or a Note surrendered for transfer. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Note in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of transfer of the Note as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Note, the transferred Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Note which initially was issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Note and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Note, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Note, and of all transfers of the Note, and all replacements of the Note, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "**Special Record Date**") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest

(which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of the Registered Owner appearing on the Registration Books at the close of business on the fifteenth business day next preceding the date of mailing of such notice.

(c) *In General.* The Note (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Note to be payable only to the Registered Owner thereof, (ii) may be transferred and assigned, (iii) shall have the characteristics, (iv) shall be signed, sealed, executed and authenticated, (v) the principal of and interest on the Note shall be payable, and (vi) shall be administered, and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Note, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF NOTE set forth in this Ordinance. The Note initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Note issued in transfer or replacement for any Note issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF NOTE.

(d) *Substitute Paying Agent/Registrar.* The City covenants with the registered Owner of the Note that at all times while the Note is outstanding the City will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Note under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 40 days written notice to the Paying Agent/Registrar, to be effective not later than 30 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Note, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to the Registered Owner of the Note, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to the Paying Agent/Registrar.

(e) On the closing date, one Initial Note representing the entire principal amount of the Note, payable in stated installments to the initial purchaser identified in Section 12 hereof, executed by manual or facsimile signature of the Mayor and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial purchaser or its designee. The Paying Agent/Registrar shall insert the date of delivery and deliver the Note to the initial purchaser.

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

(a) Form of Note.

NO. R-__

PRINCIPAL AMOUNT
\$760,000

**UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF TARRANT
CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018**

<u>Interest Rate</u>	<u>Delivery Date</u>	<u>Maturity Date</u>
As shown below	October <u>November</u> __, 2018	As shown below

REGISTERED OWNER:

PRINCIPAL AMOUNT: SEVEN HUNDRED SIXTY THOUSAND DOLLARS

CITY OF KENNEDALE, TEXAS (the "*City*"), being a political subdivision and a home-rule municipality of the State of Texas, for value received, hereby promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assign (the "***Registered Owner***"), the principal amount from time to time unpaid and to pay interest thereon from the date of delivery of this Note as specified above, at the respective rates per annum set forth in the table below, calculated on the basis of a 360-day year of twelve 30-day months. The principal of this Note shall mature and be paid in installments on the dates and in the amounts set forth in the table below:

<u>PAYMENT DATE</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>
02/15/2019	185,000	2.2 <u>05</u>
02/15/2020	240,000	2.3 <u>05</u>
02/15/2021	335,000	2. <u>4050</u>

THE PRINCIPAL OF AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America, without exchange or collection charges. The City shall pay interest on the unpaid principal installments of this Note on February 15, 2019, and on each February 15 and August 15 thereafter to the date of maturity thereof. The last principal installment of this Note, together with accrued interest thereon to the maturity date thereof, shall be paid to the Registered Owner hereof upon presentation and surrender of this Note at maturity at the designated office of **UMB BANK, N.A.**, which is the "***Paying Agent/Registrar***" for this Note. The payment of all other principal installments of and interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of this Note (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner.

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

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

THIS NOTE, DATED AS OF OCTOBER 1, 2018, IS AUTHORIZED and issued in accordance with the Constitution and laws of the State of Texas in the principal amount of ***\$760,000*** ***FOR THE PURPOSE OF CONSTRUCTING STREET IMPROVEMENTS IN VARIOUS LOCATIONS IN THE CITY, TOGETHER WITH CURBS, GUTTERS, SIDEWALKS, UTILITY RELOCATION AND/OR DRAINAGE IMPROVEMENTS INCIDENTAL THERETO, AND PAYING COSTS OF ISSUANCE.***

ON FEBRUARY 15, 2020, AND ON DATE THEREAFTER, the principal installments of this Note may be redeemed prior to their scheduled payment dates, at the option of the City, with funds derived from any available and lawful source, as a whole only, at a redemption price equal to the principal amount to be redeemed plus accrued interest thereon to the date of redemption.

AT LEAST THIRTY (30) DAYS PRIOR to the date fixed for any optional redemption of the Note prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of the Note at its address as it appeared on the Registration Books on the day such notice of redemption is mailed; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of this Note. The notice with respect to the optional redemption of this Note may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is so rescinded. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Note. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Note shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

UPON THE PAYMENT OF THE OUTSTANDING principal balance of this Note, the Paying Agent/Registrar shall note in the Bond Registration Books the amount of such payment, the date said payment was made and the remaining unpaid principal balance of this Note.

THIS NOTE IS ISSUED AS A FULLY REGISTERED NOTE, without interest coupons, in the denomination of the principal amount thereof. As provided in the Ordinance, this Note may, at the request of the Registered Owner or the assignee hereof, be assigned or transferred for a like aggregate principal amount of a fully registered Note in the denomination of the principal amount hereof, without interest coupons, payable to the Registered Owner or assignees as the case may be, having the same denomination, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note. The form of Assignment printed or endorsed on this Note may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Note by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary

fees and charges for assigning, transferring or exchanging any Note will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment or transfer, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

IN THE EVENT ANY PAYING AGENT/REGISTRAR FOR THE NOTE IS CHANGED by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owner of the Note.

IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED that this Note has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Note have been performed, existed, and been done in accordance with law; that this Note is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment within the limits provided by law.

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

BY BECOMING THE REGISTERED OWNER OF THIS NOTE, the Registered Owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and provisions of this Note and the Ordinance constitute a contract between each Registered Owner hereof and the City.

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the City has caused this Note to be signed with the facsimile signature of the Mayor of the City and countersigned with the facsimile signature of the City Secretary of the City, and has caused the official seal of the City Council of the City to be duly impressed, or placed in facsimile, on this Note.

(facsimile signature)
City Secretary
City of Kennedale, Texas

(facsimile signature)
Mayor
City of Kennedale, Texas

(CITY SEAL)

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

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Note is not accompanied by an executed Registration Certificate
of the Comptroller of Public Accounts of the State of Texas)

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

Dated: _____

UMB BANK, N.A.
Paying Agent/Registrar

By: _____
Authorized Representative

[The remainder of this page intentionally left blank]

(c) Form of Assignment.

ASSIGNMENT
(Please print or type clearly)

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

Transferee's Social Security or Taxpayer Identification
Number: _____

Transferee's name and address, including zip
code: _____

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

Dated: _____.

Signature Guaranteed:

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

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

(d) Form of Registration Certificate of the Comptroller of Public Accounts:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this _____.

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

SECTION 6. INTEREST AND SINKING FUND; TAX LEVY; SECURITY INTEREST. (a) Interest and Sinking Fund; Tax Levy. A special Interest and Sinking Fund (the "***Interest and Sinking Fund***") is hereby created solely for the benefit of the Note, and the Interest and Sinking Fund shall be established and maintained by the City at an official depository bank of the City for so long as the Note or interest thereon are outstanding and unpaid. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Note. Until expended for the purposes set forth in Section 1 hereof, the proceeds derived from the sale of the Note shall be held as further security for the timely payment of the principal and interest on the Note. All ad valorem taxes levied and collected for and on account of the Note and all accrued interest and premium on the Note received by the City from the initial purchaser of the Note, if any, shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while the Note or interest thereon are outstanding and unpaid, the City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient, together with other moneys deposited to the credit of the Interest and Sinking Fund, to raise and produce the money required to pay the interest on the Note as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal installment of the Note as such principal installment matures (but never less than 2% of the original principal amount of the Note as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while the Note or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Note, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limits provided by law.

(b) Security Interest. Chapter 1208, Texas Government Code, applies to the issuance of the Note and the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Note is outstanding and unpaid such that the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owner of the Note the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 7. CONSTRUCTION FUND. There is hereby created and established in the depository of the City, a fund to be called the *City of Kennedale, Texas Tax Note (Series 2018) Construction Fund* (herein called the "***Construction Fund***"). Proceeds from the sale and delivery of the Note (other than proceeds representing accrued interest on the Note and any premium on the Note that is not used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund) shall be deposited in the Construction Fund. Money in the Construction Fund shall be subject to disbursements by the City for payment of all costs incurred in carrying out the purpose

for which the Note is issued, including but not limited to costs for construction, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of the Note and the issuance of the Note. All funds remaining on deposit in the Construction Fund upon completion of the projects being financed with the proceeds from the Note, if any, shall be transferred to the Interest and Sinking Fund.

SECTION 8. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund and the Construction Fund shall be secured by the depository bank of the City in the manner and to the extent required by law to secure other public funds of the City and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the City's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in the Interest and Sinking Fund shall have a final maturity no later than the next principal or interest payment date for which such funds are required, and investments purchased for and held in the Construction Fund shall have a final maturity of not later than the date the City reasonably expects the funds from such investments will be required to pay costs of the projects for which the Note was issued. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the City and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Note.

SECTION 9. DEFEASANCE OF NOTE. (a) The Note and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "*Defeased Note*") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Note, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "*Future Escrow Agreement*") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Authority with the Paying Agent/Registrar for the payment of its services until the Defeased Note shall have become due and payable. Thereafter, the City will have no further responsibility with respect to amounts available to the Paying Agent/Registrar for the payment of such Defeased Note, including any insufficiency therein caused by the failure of the escrow agent under such Future Escrow Agreement to receive payment when due on the Defeasance Securities. At such time that the Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

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

(c) The term "***Defeasance Securities***" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a City, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the Authority adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Note.

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

SECTION 10. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED NOTE.

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

(b) Application for Replacement Note. Application for replacement of a damaged, mutilated, lost, stolen, or destroyed Note shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Note, the Registered Owner applying for a replacement Note shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or

damage with respect thereto. Also, in every case of loss, theft, or destruction of a Note, the Registered Owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Note, as the case may be. In every case of damage or mutilation of a Note, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Note so damaged or mutilated.

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

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

(e) Authority for Issuing Replacement Note. In accordance with Chapter 1206, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement Note without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Note is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Note in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for a Note issued in exchange for another Note.

SECTION 11. CUSTODY, APPROVAL, AND REGISTRATION OF NOTE; BOND COUNSEL'S OPINION, INSURANCE, AND CUSIP NUMBERS. The Mayor of the City, on behalf of the City, is hereby authorized to have control of the Note initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Note pending its delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Note said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Note, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel and the assigned CUSIP numbers, if any, may, at the option of the City, be printed on the Note issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owner of the Note. In addition, if municipal bond insurance is obtained, the Note may bear an appropriate legend as provided by the insurer.

SECTION 12. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE NOTE. (a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Note as an obligation described in section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Note or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Note, in contravention of section 141(b)(2) of the Code;

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

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

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

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

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

(A) proceeds of the Note invested for a reasonable temporary period of three (3) years or less or, in the case of a refunding bond, for a period of ~~30~~90 days or less, until such proceeds are needed for the purpose for which the Note is issued,

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

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

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

(8) to refrain from using the proceeds of the Note or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Note in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

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

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

(c) Proceeds. The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Note. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Note, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Note under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Note, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Note under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Manager and the Director or Finance of the

City to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Note.

(d) Allocation of, and Limitation on, Expenditures for the Projects. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance (the "**Projects**") on its books and records in accordance with the requirements of the Internal Revenue Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Projects are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Note, or (2) the date the Note is retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Note. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

(f) Written Procedures. Unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the City Council hereby adopts and establishes the instructions attached hereto as Exhibit B as the City's written procedures.

(g) Reimbursement. This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

(h) Designation as Qualified Tax-Exempt Obligation. The City hereby designates the Note as a "qualified tax-exempt obligation" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the City represents, covenants and warrants the following: (a) that during the calendar year in which the Note is issued, the City (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Note, will result in

more than \$10,000,000 of "qualified tax-exempt obligations" being issued; (b) that the City reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Note is issued, by the City (or any subordinate entities) will not exceed \$10,000,000; and, (c) that the City will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Note will not be considered a "private activity bond" within the meaning of section 141 of the Code.

SECTION 13. SALE OF NOTE; USE OF PROCEEDS. The Note is hereby initially sold and shall be delivered to **PRESIDIO SHORT TERM TAX-EXEMPT FUND, LP** (the "**Purchaser**") for cash for the par value thereof and no accrued interest, pursuant to a *Purchase Letter*, in substantially the form attached hereto as *Exhibit C*, which the Mayor is hereby authorized to accept, approve all changes, and execute on behalf of the City. In satisfaction of Section 1201.022(a)(3), Texas Government Code, and upon consultation with the City's Financial Advisor, the City Council hereby determines that the final terms of the Note as set forth in this Ordinance are in the City's best interests. The Note initially shall be registered in the name of **PRESIDIO SHORT TERM TAX-EXEMPT FUND, LP**.

SECTION 14. NO RULE 15c2-12 UNDERTAKING; ANNUAL FINANCIAL STATEMENTS. The City has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "**Rule**") in connection with the issuance of the Note inasmuch as the Purchaser is not acting as an "underwriter in a primary offering of municipal securities" within the meaning of the Rule. The City is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the City or the Note; however, so long as the Purchaser or its assignee is the sole Registered Owner of the Note, unless waived by the Purchaser, the City shall provide the following to the Purchaser:

- (a) Audited financial statements, to be provided within six months after the close of each City fiscal year ending on and after September 30, 2018, and
- (b) Such other financial information regarding the City as the Purchaser shall reasonably request.

SECTION 15. FURTHER PROCEDURES. The Mayor, Mayor Pro-Tem, City Manager, Director of Finance, and City Secretary of the City and all other officers, employees, and agents of the City and each of them, are each hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the Note. In addition, prior to the initial delivery of the Note, the Mayor, City Manager, Director of Finance, the City Secretary, and the City's Bond Counsel are hereby authorized and directed to approve any technical changes or correction to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance, (ii) obtain a rating from any of the national bond rating agencies, if any rating is obtained, or satisfy any requirements of the provider of a municipal bond insurance

policy, if any, or (iii) obtain the approval of the Note by the Attorney General of the State of Texas. In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 16. ORDINANCE A CONTRACT; AMENDMENTS. This Ordinance shall constitute a contract with the Registered Owner of the Note, binding on the City and its successors and assigns, and shall not be amended or repealed by the City as long as any Note remains outstanding except as permitted in this Section. The City may, without the consent of or notice to the Registered Owner (other than the Purchaser as long as the Purchaser is a Registered Owner, in which case the City must receive the Purchaser's prior written consent to), amend, change, or modify this Ordinance as may be required (i) by the provisions hereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change which is not to the prejudice of the Registered Owner. The City may, with the written consent of the Registered Owner of the Note, amend, change, modify, or rescind any provisions of this Ordinance not otherwise permitted to be amended in accordance with the preceding sentence. Whenever the City shall desire to make any amendment or addition to or rescission of this Ordinance requiring consent of the Registered Owner, the City shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the Registered Owner at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the City shall receive an instrument or instruments in writing executed by the Registered Owner of the Note requiring the consent of the Registered Owner, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

SECTION 17. DEFAULTS AND REMEDIES. In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payment of the principal, premium, if any, or interest on the Note, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance and the continuation thereof for 30 days after the City has received written notice of such defaults, the Registered Owner of the Note shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be

deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

SECTION 18. INTERESTED PARTIES. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City and the Registered Owner of the Note, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the Registered Owner of the Note.

SECTION 19. INCORPORATION OF RECITALS. The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

SECTION 20. SEVERABILITY. The provisions of this Ordinance are severable and if any provision or the applicability thereof to any person or circumstance is ever held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Ordinance and the application of such provisions to other persons or circumstances shall not be affected thereby.

SECTION 21. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately upon adoption by the City Council.

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***PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE,
TEXAS AT A ~~REGULAR~~SPECIAL MEETING ON THE ~~2ND~~9TH DAY OF OCTOBER, 2018, AT
WHICH MEETING AT LEAST A QUORUM WAS PRESENT.***

Mayor

ATTEST:

City Secretary

(Seal)

** ** ** ** **

EXHIBIT A

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

The Paying Agent/Registrar Agreement is omitted at this point as it appears in executed form elsewhere in this Transcript of Proceedings.

EXHIBIT B

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

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

- (i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Note will be entered into within six (6) months of the date of delivery of the Note (the "**Issue Date**");
- (ii) monitor that at least 85% of the proceeds of the Note to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;
- (iii) restrict the yield of the investments to the yield on the Note after three (3) years of the Issue Date;
- (iv) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Note does not exceed an amount equal to the debt service on the Note in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Note for the immediately preceding 12-month period;
- (v) ensure that no more than 50% of the proceeds of the Note are invested in an investment with a guaranteed yield for 4 years or more;
- (vi) maintain any official action of the District (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Note any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- (vii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (viii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the Issue Date and (B) within 30 days after the date the Note is retired.

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

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

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

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the District's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Note. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT C

FORM OF PURCHASE LETTER

*The Purchase Letter is omitted at this point as it appears
in executed form elsewhere in this Transcript of Proceedings.*

ORDINANCE NO. _____

**ORDINANCE AUTHORIZING THE ISSUANCE OF \$760,000 IN PRINCIPAL
AMOUNT OF *CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018*;
SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY
OF AN ANNUAL AD VALOREM TAX; AND APPROVING AND
AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR
AGREEMENT, A PURCHASE LETTER, AND ALL OTHER INSTRUMENTS
AND PROCEDURES RELATED THERETO**

DATE OF APPROVAL: OCTOBER 9, 2018

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Exhibit C	Form of Purchase Letter	

ORDINANCE NO. _____

ORDINANCE AUTHORIZING THE ISSUANCE OF \$760,000 IN PRINCIPAL AMOUNT OF *CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018*; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; AND APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, A PURCHASE LETTER, AND ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO

STATE OF TEXAS §
COUNTY OF TARRANT §
CITY OF KENNEDALE §

WHEREAS, the CITY OF KENNEDALE, TEXAS (the "*City*") in Tarrant County, Texas, is a political subdivision of the State of Texas operating as a home rule municipality under the Constitution and laws of the State of Texas and its City Charter, which was initially approved by the qualified voters of the City on January 17, 1998, and was most recently amended by the qualified voters of the City on May 16, 2016; and

WHEREAS, the City Council of the City hereby determines that it is necessary and desirable to construct street improvements in various locations in the City, together with curbs, gutters, sidewalks, utility relocation and/or drainage improvements incidental thereto (collectively, the "*Projects*"); and

WHEREAS, pursuant to Chapter 1431, Texas Government Code, as amended (the "*Act*"), the City Council of the City is authorized and empowered to issue anticipation notes to pay contractual obligations incurred or to be incurred (i) for the construction of any public work, and (ii) for the purchase of materials, supplies, equipment, machinery, buildings, lands and rights-of-way for the City's authorized needs and purposes; and

WHEREAS, in accordance with the provisions of the Act, the City Council hereby finds and determines that an anticipation note should be issued and sold at this time to finance the Projects; and

WHEREAS, the City Council of the City deems it appropriate to adopt this Ordinance and issue the Note herein authorized as permitted by the Act; and

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

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

SECTION 1. AMOUNT AND PURPOSE OF THE NOTE. The Note of the City is hereby authorized to be issued and delivered in the aggregate principal amount of ***\$760,000 FOR THE PURPOSE OF CONSTRUCTING STREET IMPROVEMENTS IN VARIOUS LOCATIONS IN THE CITY, TOGETHER WITH CURBS, GUTTERS, SIDEWALKS, UTILITY RELOCATION AND/OR DRAINAGE IMPROVEMENTS INCIDENTAL THERETO, AND PAYING COSTS OF ISSUANCE.***

SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITY OF NOTE. (a) Each note issued pursuant to this Ordinance shall be designated **CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018**, and initially there shall be issued, sold, and delivered hereunder one fully registered note, without interest coupons, dated October 1, 2018, in the denomination and principal amount of \$760,000, numbered R-1, with any note issued in replacement thereof being in the denomination and principal amount hereinafter stated and numbered consecutively from R-2 upward, payable in installments to the registered owner thereof, or to the registered assignee of said note (in each case, the "***Registered Owner***").

(b) Principal of the Note shall mature and be payable in installments on the dates and in the principal installment amounts and shall bear interest at the per annum rate set forth in the following schedule:

<u>PAYMENT DATE</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>
02/15/2019	185,000	2.25
02/15/2020	240,000	2.35
02/15/2021	335,000	2.50

The term "***Note***" as used in this Ordinance shall mean and include collectively the note initially issued and delivered pursuant to this Ordinance, as well as all other substitute notes and replacement notes issued pursuant hereto.

SECTION 3. INTEREST. The Note shall bear interest from the dates specified in the FORM OF NOTE set forth in this Ordinance to date of maturity at the respective rate per annum for each principal installment set forth above. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF NOTE set forth in this Ordinance. Interest shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

SECTION 4. CHARACTERISTICS OF THE NOTE.

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

Except as provided in Section 5(c) hereof, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Note, date and manually sign said Note, and no such Note shall be deemed to be issued or outstanding unless such Note is so executed. The Paying Agent/Registrar promptly shall cancel the paid Note or a Note surrendered for transfer. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Note in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of transfer of the Note as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Note, the transferred Note shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Note which initially was issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Note and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Note, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Note, and of all transfers of the Note, and all replacements of the Note, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "**Special Record Date**") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest

(which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of the Registered Owner appearing on the Registration Books at the close of business on the fifteenth business day next preceding the date of mailing of such notice.

(c) *In General.* The Note (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Note to be payable only to the Registered Owner thereof, (ii) may be transferred and assigned, (iii) shall have the characteristics, (iv) shall be signed, sealed, executed and authenticated, (v) the principal of and interest on the Note shall be payable, and (vi) shall be administered, and the Paying Agent/Registrar and the City shall have certain duties and responsibilities with respect to the Note, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF NOTE set forth in this Ordinance. The Note initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Note issued in transfer or replacement for any Note issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF NOTE.

(d) *Substitute Paying Agent/Registrar.* The City covenants with the registered Owner of the Note that at all times while the Note is outstanding the City will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Note under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 40 days written notice to the Paying Agent/Registrar, to be effective not later than 30 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Note, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to the Registered Owner of the Note, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to the Paying Agent/Registrar.

(e) On the closing date, one Initial Note representing the entire principal amount of the Note, payable in stated installments to the initial purchaser identified in Section 12 hereof, executed by manual or facsimile signature of the Mayor and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial purchaser or its designee. The Paying Agent/Registrar shall insert the date of delivery and deliver the Note to the initial purchaser.

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

(a) Form of Note.

NO. R-__

PRINCIPAL AMOUNT
\$760,000

**UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF TARRANT
CITY OF KENNEDALE, TEXAS TAX NOTE, SERIES 2018**

<u>Interest Rate</u>	<u>Delivery Date</u>	<u>Maturity Date</u>
As shown below	November __, 2018	As shown below

REGISTERED OWNER:

PRINCIPAL AMOUNT: SEVEN HUNDRED SIXTY THOUSAND DOLLARS

CITY OF KENNEDALE, TEXAS (the "***City***"), being a political subdivision and a home-rule municipality of the State of Texas, for value received, hereby promises to pay, from the sources described herein, to the Registered Owner specified above, or registered assign (the "***Registered Owner***"), the principal amount from time to time unpaid and to pay interest thereon from the date of delivery of this Note as specified above, at the respective rates per annum set forth in the table below, calculated on the basis of a 360-day year of twelve 30-day months. The principal of this Note shall mature and be paid in installments on the dates and in the amounts set forth in the table below:

<u>PAYMENT DATE</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>INTEREST RATE (%)</u>
02/15/2019	185,000	2.25
02/15/2020	240,000	2.35
02/15/2021	335,000	2.50

THE PRINCIPAL OF AND INTEREST ON THIS NOTE are payable in lawful money of the United States of America, without exchange or collection charges. The City shall pay interest on the unpaid principal installments of this Note on February 15, 2019, and on each February 15 and August 15 thereafter to the date of maturity thereof. The last principal installment of this Note, together with accrued interest thereon to the maturity date thereof, shall be paid to the Registered Owner hereof upon presentation and surrender of this Note at maturity at the designated office of **UMB BANK, N.A.**, which is the "***Paying Agent/Registrar***" for this Note. The payment of all other principal installments of and interest on this Note shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required by the ordinance authorizing the issuance of this Note (the "***Ordinance***") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "***Record Date***") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner.

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

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

THIS NOTE, DATED AS OF OCTOBER 1, 2018, IS AUTHORIZED and issued in accordance with the Constitution and laws of the State of Texas in the principal amount of ***\$760,000*** ***FOR THE PURPOSE OF CONSTRUCTING STREET IMPROVEMENTS IN VARIOUS LOCATIONS IN THE CITY, TOGETHER WITH CURBS, GUTTERS, SIDEWALKS, UTILITY RELOCATION AND/OR DRAINAGE IMPROVEMENTS INCIDENTAL THERETO, AND PAYING COSTS OF ISSUANCE.***

ON FEBRUARY 15, 2020, AND ON DATE THEREAFTER, the principal installments of this Note may be redeemed prior to their scheduled payment dates, at the option of the City, with funds derived from any available and lawful source, as a whole only, at a redemption price equal to the principal amount to be redeemed plus accrued interest thereon to the date of redemption.

AT LEAST THIRTY (30) DAYS PRIOR to the date fixed for any optional redemption of the Note prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of the Note at its address as it appeared on the Registration Books on the day such notice of redemption is mailed; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of this Note. The notice with respect to the optional redemption of this Note may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the City retains the right to rescind such notice at any time prior to the scheduled redemption date if the City delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is so rescinded. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Note. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Note shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

UPON THE PAYMENT OF THE OUTSTANDING principal balance of this Note, the Paying Agent/Registrar shall note in the Bond Registration Books the amount of such payment, the date said payment was made and the remaining unpaid principal balance of this Note.

THIS NOTE IS ISSUED AS A FULLY REGISTERED NOTE, without interest coupons, in the denomination of the principal amount thereof. As provided in the Ordinance, this Note may, at the request of the Registered Owner or the assignee hereof, be assigned or transferred for a like aggregate principal amount of a fully registered Note in the denomination of the principal amount hereof, without interest coupons, payable to the Registered Owner or assignees as the case may be, having the same denomination, upon surrender of this Note to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Ordinance. Among other requirements for such assignment and transfer, this Note must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Note. The form of Assignment printed or endorsed on this Note may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Note by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary

fees and charges for assigning, transferring or exchanging any Note will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment or transfer, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

IN THE EVENT ANY PAYING AGENT/REGISTRAR FOR THE NOTE IS CHANGED by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the Registered Owner of the Note.

IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED that this Note has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance, and delivery of this Note have been performed, existed, and been done in accordance with law; that this Note is a general obligation of the City, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Note, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the City, and have been pledged for such payment within the limits provided by law.

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

BY BECOMING THE REGISTERED OWNER OF THIS NOTE, the Registered Owner thereby acknowledges all of the terms and provisions of the Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the City, and agrees that the terms and provisions of this Note and the Ordinance constitute a contract between each Registered Owner hereof and the City.

[The remainder of this page intentionally left blank]

IN WITNESS WHEREOF, the City has caused this Note to be signed with the facsimile signature of the Mayor of the City and countersigned with the facsimile signature of the City Secretary of the City, and has caused the official seal of the City Council of the City to be duly impressed, or placed in facsimile, on this Note.

(facsimile signature)
City Secretary
City of Kennedale, Texas

(facsimile signature)
Mayor
City of Kennedale, Texas

(CITY SEAL)

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

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

(To be executed if this Note is not accompanied by an executed Registration Certificate
of the Comptroller of Public Accounts of the State of Texas)

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

Dated: _____

UMB BANK, N.A.
Paying Agent/Registrar

By: _____
Authorized Representative

[The remainder of this page intentionally left blank]

(c) Form of Assignment.

ASSIGNMENT
(Please print or type clearly)

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

Transferee's Social Security or Taxpayer Identification
Number: _____

Transferee's name and address, including zip
code: _____

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

Dated: _____.

Signature Guaranteed:

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

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

(d) Form of Registration Certificate of the Comptroller of Public Accounts:

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this _____.

Comptroller of Public Accounts
of the State of Texas

(COMPTROLLER'S SEAL)

SECTION 6. INTEREST AND SINKING FUND; TAX LEVY; SECURITY INTEREST. (a) Interest and Sinking Fund; Tax Levy. A special Interest and Sinking Fund (the "***Interest and Sinking Fund***") is hereby created solely for the benefit of the Note, and the Interest and Sinking Fund shall be established and maintained by the City at an official depository bank of the City for so long as the Note or interest thereon are outstanding and unpaid. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Note. Until expended for the purposes set forth in Section 1 hereof, the proceeds derived from the sale of the Note shall be held as further security for the timely payment of the principal and interest on the Note. All ad valorem taxes levied and collected for and on account of the Note and all accrued interest and premium on the Note received by the City from the initial purchaser of the Note, if any, shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while the Note or interest thereon are outstanding and unpaid, the City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient, together with other moneys deposited to the credit of the Interest and Sinking Fund, to raise and produce the money required to pay the interest on the Note as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal installment of the Note as such principal installment matures (but never less than 2% of the original principal amount of the Note as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while the Note or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Note, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limits provided by law.

(b) Security Interest. Chapter 1208, Texas Government Code, applies to the issuance of the Note and the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Note is outstanding and unpaid such that the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the Registered Owner of the Note the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 7. CONSTRUCTION FUND. There is hereby created and established in the depository of the City, a fund to be called the *City of Kennedale, Texas Tax Note (Series 2018) Construction Fund* (herein called the "***Construction Fund***"). Proceeds from the sale and delivery of the Note (other than proceeds representing accrued interest on the Note and any premium on the Note that is not used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, which shall be deposited in the Interest and Sinking Fund) shall be deposited in the Construction Fund. Money in the Construction Fund shall be subject to disbursements by the City for payment of all costs incurred in carrying out the purpose

for which the Note is issued, including but not limited to costs for construction, engineering, architecture, financing, financial consultants and legal services related to the project being financed with proceeds of the Note and the issuance of the Note. All funds remaining on deposit in the Construction Fund upon completion of the projects being financed with the proceeds from the Note, if any, shall be transferred to the Interest and Sinking Fund.

SECTION 8. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund and the Construction Fund shall be secured by the depository bank of the City in the manner and to the extent required by law to secure other public funds of the City and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the City's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in the Interest and Sinking Fund shall have a final maturity no later than the next principal or interest payment date for which such funds are required, and investments purchased for and held in the Construction Fund shall have a final maturity of not later than the date the City reasonably expects the funds from such investments will be required to pay costs of the projects for which the Note was issued. Income and profits from such investments shall be deposited in the respective Fund which holds such investments; however, any such income and profits from investments in the Construction Fund may be withdrawn by the City and deposited in the Interest and Sinking Fund to pay all or a portion of the interest next coming due on the Note.

SECTION 9. DEFEASANCE OF NOTE. (a) The Note and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "*Defeased Note*") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Note, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "*Future Escrow Agreement*") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Authority with the Paying Agent/Registrar for the payment of its services until the Defeased Note shall have become due and payable. Thereafter, the City will have no further responsibility with respect to amounts available to the Paying Agent/Registrar for the payment of such Defeased Note, including any insufficiency therein caused by the failure of the escrow agent under such Future Escrow Agreement to receive payment when due on the Defeasance Securities. At such time that the Note shall be deemed to be a Defeased Note hereunder, as aforesaid, such Note and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

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

(c) The term "***Defeasance Securities***" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a City, municipality, or other political subdivision of a state that have been refunded and that, on the date on the date the governing body of the Authority adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations under applicable state law that may be used to defease obligations such as the Note.

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

SECTION 10. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED NOTE.

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

(b) Application for Replacement Note. Application for replacement of a damaged, mutilated, lost, stolen, or destroyed Note shall be made by the Registered Owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Note, the Registered Owner applying for a replacement Note shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or

damage with respect thereto. Also, in every case of loss, theft, or destruction of a Note, the Registered Owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Note, as the case may be. In every case of damage or mutilation of a Note, the Registered Owner shall surrender to the Paying Agent/Registrar for cancellation the Note so damaged or mutilated.

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

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

(e) Authority for Issuing Replacement Note. In accordance with Chapter 1206, Texas Government Code, this Section of this Ordinance shall constitute authority for the issuance of any such replacement Note without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such Note is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Note in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for a Note issued in exchange for another Note.

SECTION 11. CUSTODY, APPROVAL, AND REGISTRATION OF NOTE; BOND COUNSEL'S OPINION, INSURANCE, AND CUSIP NUMBERS. The Mayor of the City, on behalf of the City, is hereby authorized to have control of the Note initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Note pending its delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Note said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Note, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel and the assigned CUSIP numbers, if any, may, at the option of the City, be printed on the Note issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the Registered Owner of the Note. In addition, if municipal bond insurance is obtained, the Note may bear an appropriate legend as provided by the insurer.

SECTION 12. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE NOTE. (a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Note as an obligation described in section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Note or the projects financed therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds or the projects financed therewith are so used, such amounts, whether or not received by the City, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Note, in contravention of section 141(b)(2) of the Code;

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

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

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

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

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

(A) proceeds of the Note invested for a reasonable temporary period of three (3) years or less or, in the case of a refunding bond, for a period of 90 days or less, until such proceeds are needed for the purpose for which the Note is issued,

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

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

(7) to otherwise restrict the use of the proceeds of the Note or amounts treated as proceeds of the Note, as may be necessary, so that the Note does not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Note or proceeds of any prior bonds to pay debt service on another issue more than 90 days after the date of issue of the Note in contravention of the requirements of section 149(d) of the Code (relating to advance refundings); and

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

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

(c) Proceeds. The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Note. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Note, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Note under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Note, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Note under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Manager and the Director or Finance of the City to execute any documents, certificates or reports required by the Code and to make such

elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Note.

(d) Allocation of, and Limitation on, Expenditures for the Projects. The City covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance (the "**Projects**") on its books and records in accordance with the requirements of the Internal Revenue Code. The City recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Projects are completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the City recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Note, or (2) the date the Note is retired. The City agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Note. For purposes hereof, the City shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

(f) Written Procedures. Unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the City Council hereby adopts and establishes the instructions attached hereto as Exhibit B as the City's written procedures.

(g) Reimbursement. This Ordinance is intended to satisfy the official intent requirements set forth in section 1.150-2 of the Treasury Regulations.

(h) Designation as Qualified Tax-Exempt Obligation. The City hereby designates the Note as a "qualified tax-exempt obligation" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the City represents, covenants and warrants the following: (a) that during the calendar year in which the Note is issued, the City (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Note, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued; (b) that the City

reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Note is issued, by the City (or any subordinate entities) will not exceed \$10,000,000; and, (c) that the City will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Note will not be considered a "private activity bond" within the meaning of section 141 of the Code.

SECTION 13. SALE OF NOTE; USE OF PROCEEDS. The Note is hereby initially sold and shall be delivered to **PRESIDIO SHORT TERM TAX-EXEMPT FUND, LP** (the "**Purchaser**") for cash for the par value thereof and no accrued interest, pursuant to a *Purchase Letter*, in substantially the form attached hereto as *Exhibit C*, which the Mayor is hereby authorized to accept, approve all changes, and execute on behalf of the City. In satisfaction of Section 1201.022(a)(3), Texas Government Code, and upon consultation with the City's Financial Advisor, the City Council hereby determines that the final terms of the Note as set forth in this Ordinance are in the City's best interests. The Note initially shall be registered in the name of **PRESIDIO SHORT TERM TAX-EXEMPT FUND, LP**.

SECTION 14. NO RULE 15c2-12 UNDERTAKING; ANNUAL FINANCIAL STATEMENTS. The City has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "**Rule**") in connection with the issuance of the Note inasmuch as the Purchaser is not acting as an "underwriter in a primary offering of municipal securities" within the meaning of the Rule. The City is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the City or the Note; however, so long as the Purchaser or its assignee is the sole Registered Owner of the Note, unless waived by the Purchaser, the City shall provide the following to the Purchaser:

- (a) Audited financial statements, to be provided within six months after the close of each City fiscal year ending on and after September 30, 2018, and
- (b) Such other financial information regarding the City as the Purchaser shall reasonably request.

SECTION 15. FURTHER PROCEDURES. The Mayor, Mayor Pro-Tem, City Manager, Director of Finance, and City Secretary of the City and all other officers, employees, and agents of the City and each of them, are each hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the Note. In addition, prior to the initial delivery of the Note, the Mayor, City Manager, Director of Finance, the City Secretary, and the City's Bond Counsel are hereby authorized and directed to approve any technical changes or correction to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance, (ii) obtain a rating from any of the national bond rating agencies, if any rating is obtained, or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Note by the Attorney General of the State of Texas.

In case any officer whose signature shall appear on any Note shall cease to be such officer before the delivery of such Note, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 16. ORDINANCE A CONTRACT; AMENDMENTS. This Ordinance shall constitute a contract with the Registered Owner of the Note, binding on the City and its successors and assigns, and shall not be amended or repealed by the City as long as any Note remains outstanding except as permitted in this Section. The City may, without the consent of or notice to the Registered Owner (other than the Purchaser as long as the Purchaser is a Registered Owner, in which case the City must receive the Purchaser's prior written consent to), amend, change, or modify this Ordinance as may be required (i) by the provisions hereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change which is not to the prejudice of the Registered Owner. The City may, with the written consent of the Registered Owner of the Note, amend, change, modify, or rescind any provisions of this Ordinance not otherwise permitted to be amended in accordance with the preceding sentence. Whenever the City shall desire to make any amendment or addition to or rescission of this Ordinance requiring consent of the Registered Owner, the City shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the Registered Owner at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the City shall receive an instrument or instruments in writing executed by the Registered Owner of the Note requiring the consent of the Registered Owner, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

SECTION 17. DEFAULTS AND REMEDIES. In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payment of the principal, premium, if any, or interest on the Note, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance and the continuation thereof for 30 days after the City has received written notice of such defaults, the Registered Owner of the Note shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

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

SECTION 18. INTERESTED PARTIES. Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the City and the Registered Owner of the Note, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises and agreements in this Ordinance contained by and on behalf of the City shall be for the sole and exclusive benefit of the City and the Registered Owner of the Note.

SECTION 19. INCORPORATION OF RECITALS. The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

SECTION 20. SEVERABILITY. The provisions of this Ordinance are severable and if any provision or the applicability thereof to any person or circumstance is ever held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Ordinance and the application of such provisions to other persons or circumstances shall not be affected thereby.

SECTION 21. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately upon adoption by the City Council.

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***PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF KENNEDALE,
TEXAS AT A SPECIAL MEETING ON THE 9TH DAY OF OCTOBER, 2018, AT WHICH
MEETING AT LEAST A QUORUM WAS PRESENT.***

Mayor

ATTEST:

City Secretary

(Seal)

** ** ** ** **

EXHIBIT A

FORM OF PAYING AGENT/REGISTRAR AGREEMENT

The Paying Agent/Registrar Agreement is omitted at this point as it appears in executed form elsewhere in this Transcript of Proceedings.

EXHIBIT B

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

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

- (i) instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Note will be entered into within six (6) months of the date of delivery of the Note (the "**Issue Date**");
- (ii) monitor that at least 85% of the proceeds of the Note to be used for the construction, renovation or acquisition of any facilities are expended within three (3) years of the Issue Date;
- (iii) restrict the yield of the investments to the yield on the Note after three (3) years of the Issue Date;
- (iv) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Note does not exceed an amount equal to the debt service on the Note in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Note for the immediately preceding 12-month period;
- (v) ensure that no more than 50% of the proceeds of the Note are invested in an investment with a guaranteed yield for 4 years or more;
- (vi) maintain any official action of the District (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Note any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- (vii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (viii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the Issue Date and (B) within 30 days after the date the Note is retired.

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

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

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

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the District's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Note. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT C

FORM OF PURCHASE LETTER

*The Purchase Letter is omitted at this point as it appears
in executed form elsewhere in this Transcript of Proceedings.*

KENNEDALE CITY COUNCIL AGENDA
REGULAR MEETING | October 9, 2018
CITY HALL COUNCIL CHAMBERS, 405 MUNICIPAL DRIVE
WORK SESSION at 5:30 PM | REGULAR SESSION at 5:30 PM

Date: October 9, 2018

Agenda Item No: WORK SESSION - A.

I. Subject:

Discuss infrastructure projects for potential inclusion in a Capital Improvement Program (CIP)

II. Originated by:

George Campbell, City Manager

III. Summary:

Staff, along with representatives of Shield Engineering, will review capital projects for possible inclusion in a Capital Improvements Program and for financing through the issuance of Certificates of Obligation as previously directed by the City Council.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

Provide staff direction regarding projects to fund through the issuance of Certificates of Obligation (CO's).

VIII. Attachments:

1.	2018 Infrastructure Projects	2018 Infrastructure Projects.pdf
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In compliance with the Americans with Disabilities Act, the City of Kennedale will provide for reasonable accommodations for persons attending City Council meetings. This building is wheelchair accessible, and parking spaces for disabled citizens are available. Requests for sign interpreter services must be made forty-eight (48) hours prior to the meetings. Please contact the City Secretary at 817.985.2104 or (TDD) 1.800.735.2989

CERTIFICATION

I do hereby certify that a copy of the October 9, 2018 agenda was posted on the bulletin board next to the main entrance of City Hall (405 Municipal Drive; Kennedale, TX 76060), in a place convenient and readily accessible to the general public at all times; and that said agenda was posted at least seventy-two (72) hours preceding the scheduled time of said meeting, in accordance with Chapter 551 of the Texas Government Code.

Leslie Galloway
Leslie Galloway, City Secretary

2018 Infrastructure Improvements Projects



Project List & Funding Source Summary

FRIDAY, OCTOBER 05, 2018



Projects in Consideration for Debt Issuance

Project Name	Matrix Score	Funding For ¹ :
Valley Lane (E Evaluation & Recommendation Only)	63	E & C
12" Waterline S of I-20 (Gilman Rd and Bolen Rd)	61	C
12" Waterline S of I-20 and along BU 287	51	C
Pennsylvania Ave Erosion Imps (Engr Eval & Recommendation Only)	48	E
Eden (Mansfield Cardinal to BU 287)	48	E & C
15/18" Interceptor along North Road and Dick Price Road	47	E & C
16/20" Waterline (Pump Station 3 to/along Dick Price Road)	47	E & C
Upsize 12" to 15" Interceptor in Basin C	46	E & C
12" Waterline on Dick Price Road (Shady Ln to North Rd)	46	E & C
Upsize 18" to 21" Interceptor in Basin C-1	46	E & C
12" AC to 16" Waterline on Dick Price Rd (Linda Rd to Shady Ln)	46	E & C
Beacon Hill Drainage Improvements	45	C
Add 10"/6" lines in Basin B-2	43	E & C
Add 10" line in Basin B-2	43	E & C

1: E & C = Engineering and Construction

E = Engineering Only

C = Construction Only

Projects Being Funded by Other Means

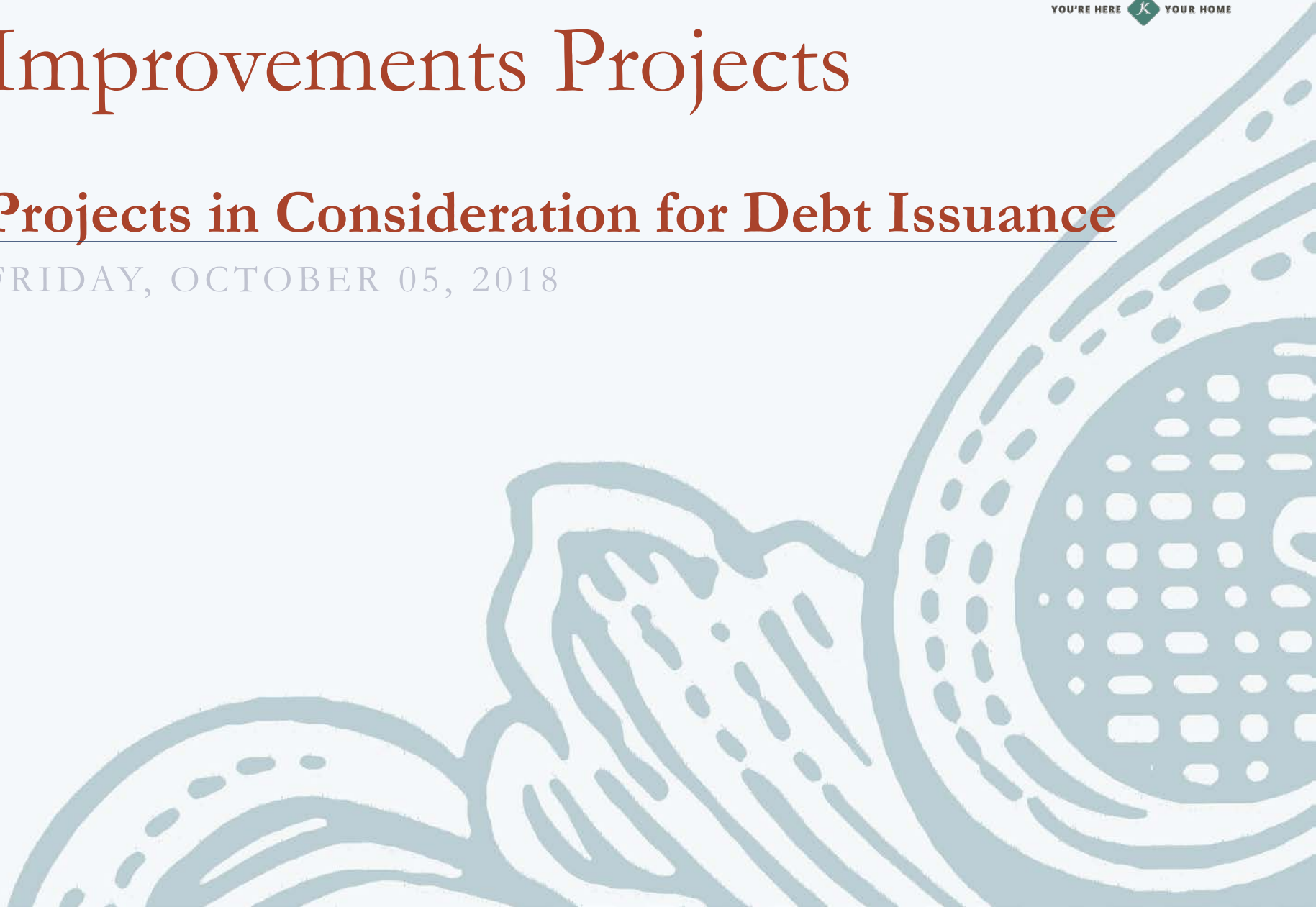
Project Name	Matrix Score	Reason for Not Being Considered
TxDOT New Hope Road Culvert Replacement	56	Project is being considered for funding by Tax Note
TxDOT EMP: Averett Road and Valley Lane	55	Project is being considered for funding by Tax Note
Timberline Drive Sewer Improvements	50	Project is being cash funded out of the water fund
Danny Drive Water Improvements (CDBG)	50	Project is being cash funded out of the water fund
Crestview Drive Sewer Improvements	50	Project is being cash funded out of the water fund
Mistletoe Drive Sewer Improvements	50	Project is being cash funded out of the water fund
Kennedale Safe Routes to School	50	Project is being considered for funding by Tax Note
Danny Drive Pavement Improvements (by County)	49	Roadway improvement project
3rd Street Drainage Improvements	48	Project is currently in construction
Danny Drive Drainage Improvements	46	Roadway improvement project
Industrial Dr. (Asphalt)	46	Roadway improvement project
Shady Creek (Concrete)	45	Roadway improvement project
Grapevine Tr. (Asphalt)	45	Roadway improvement project
Woodland Ct. (Concrete)	45	Roadway improvement project
Oakwood Ln. (Concrete)	45	Roadway improvement project
Peachtree Ct. (Concrete)	45	Roadway improvement project
Broadway (Asphalt)	45	Roadway improvement project
Gail Dr. (Asphalt)	45	Roadway improvement project
Mineral St. (Asphalt)	44	Roadway improvement project
Cloverlane Drive	42	Roadway improvement project
Peggy Ln	42	Roadway improvement project

2018 Infrastructure Improvements Projects

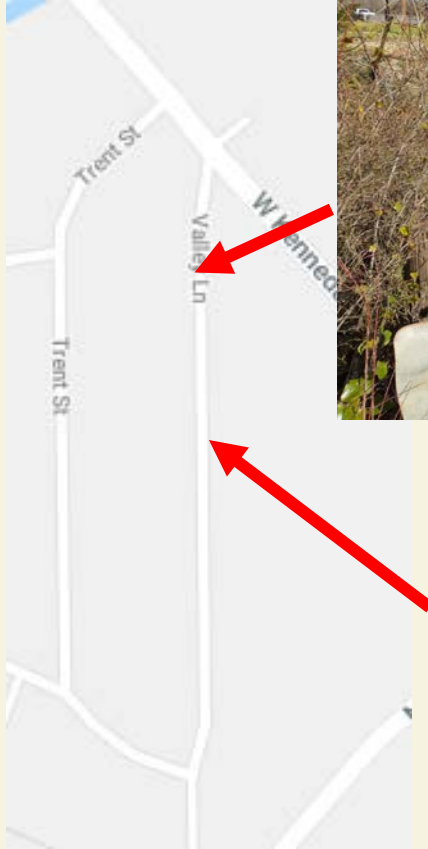


Projects in Consideration for Debt Issuance

FRIDAY, OCTOBER 05, 2018



Valley Lane Drainage Improvements



Purpose

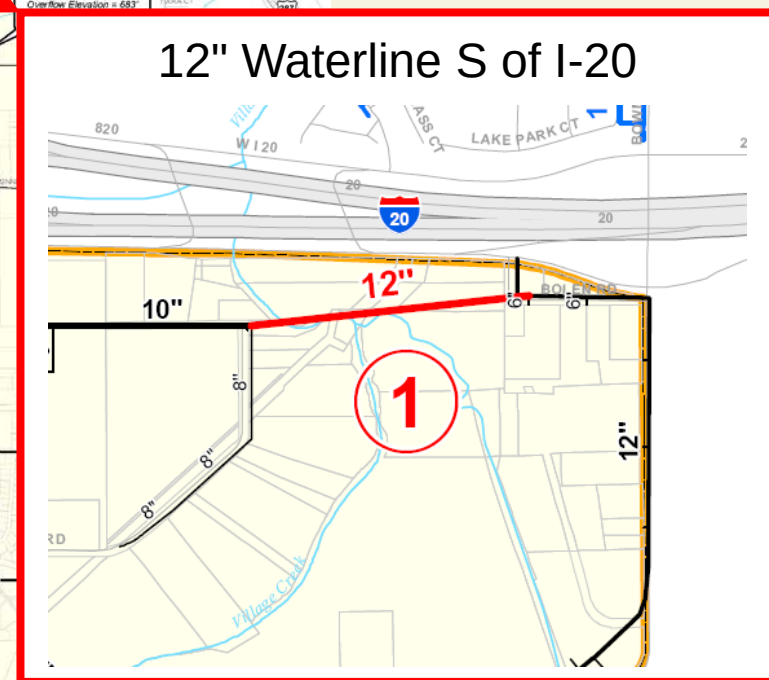
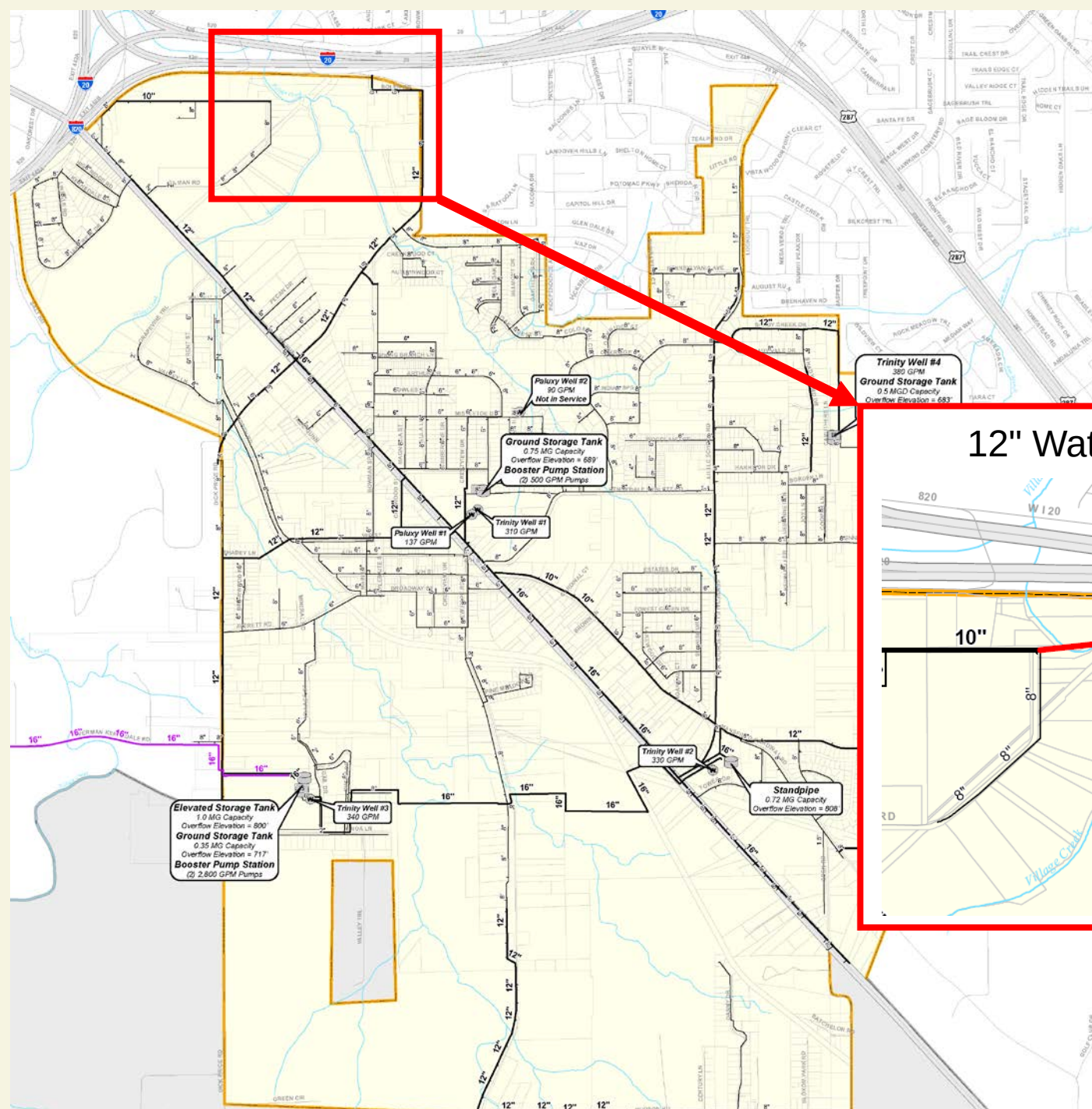
Study the erosion issues along Valley Lane and determine means of repair. Requires geotechnical report for structural design and engineering solution. Additional Failures have occurred. Repair cost is an estimate and may increase with additional failures or further study.

Opinion of Probable Cost

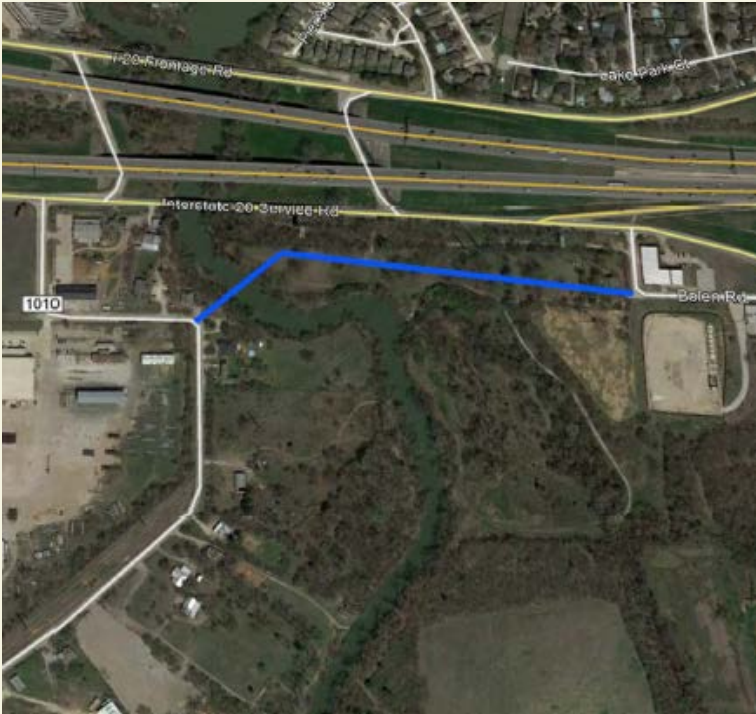
Engineering	\$	300,000
Construction	\$	1,000,000
Total	\$	1,300,000

UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service; Public Perception of Need



12" Waterline South of I-20 (Gilman Rd to Bolen Rd)



12-inch water line south of Interstate 20 between Gilman Road and Bolen Road.

Purpose

This line connects existing water lines to provide system looping and provide service along Interstate 20 and increases reliability.

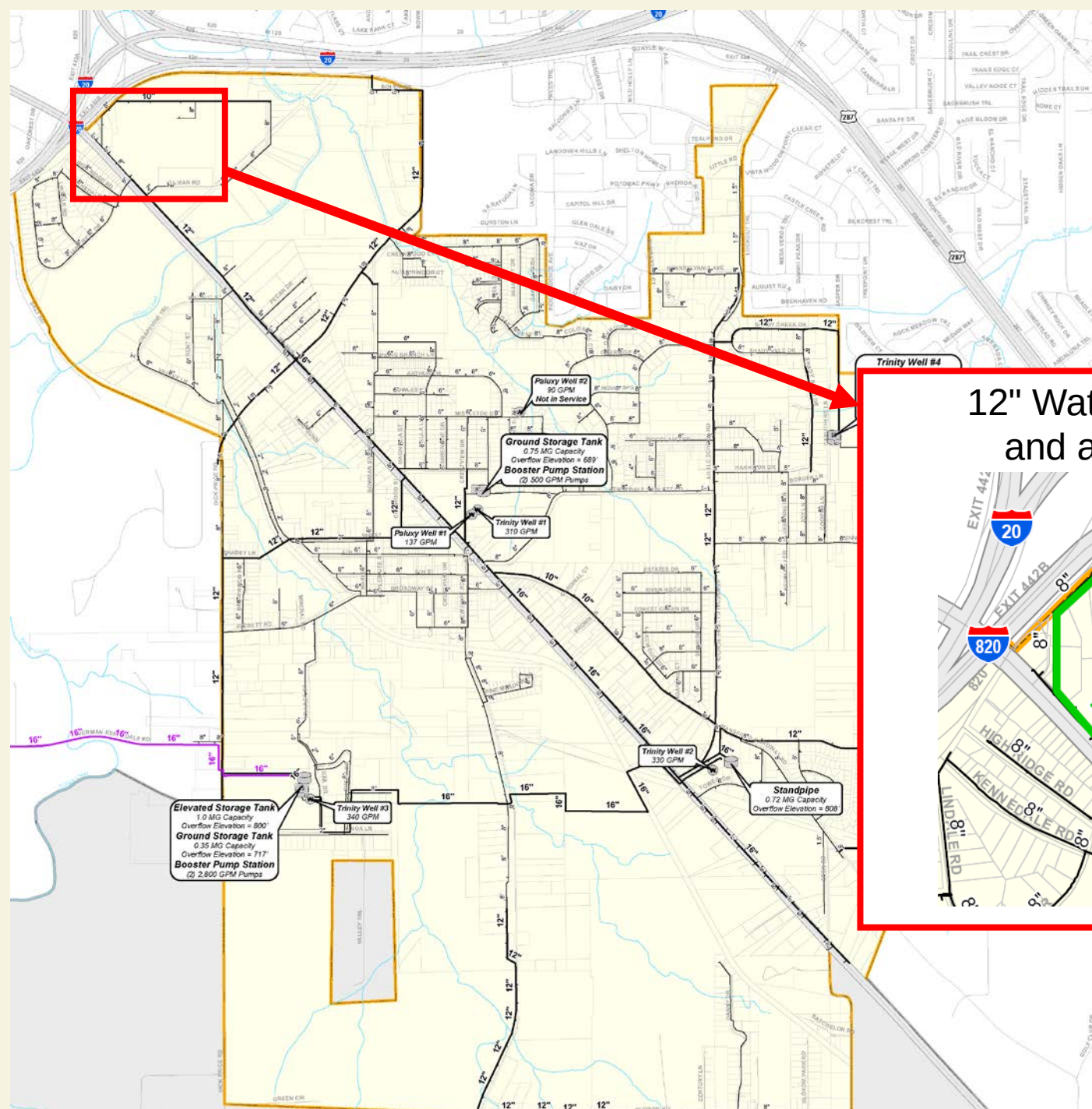
Opinion of Probable Cost

Engineering	\$	*
Construction	\$	381,590
Total	\$	381,590

* Engineering approved by separate contract.
Only construction cost will be funded by Debt Issuance

UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service;
Related to Other Projects; Environmental Quality; Opportunity Cost



12" Waterline S of I-20
and along BU 287



12" Waterline South of I-20 and along BU 287



12-inch water line south of Interstate 20 and along US 287 Business.

Purpose

This project upsizes the existing 8-inch line to improve fire flow and supply to the area.

Opinion of Probable Cost

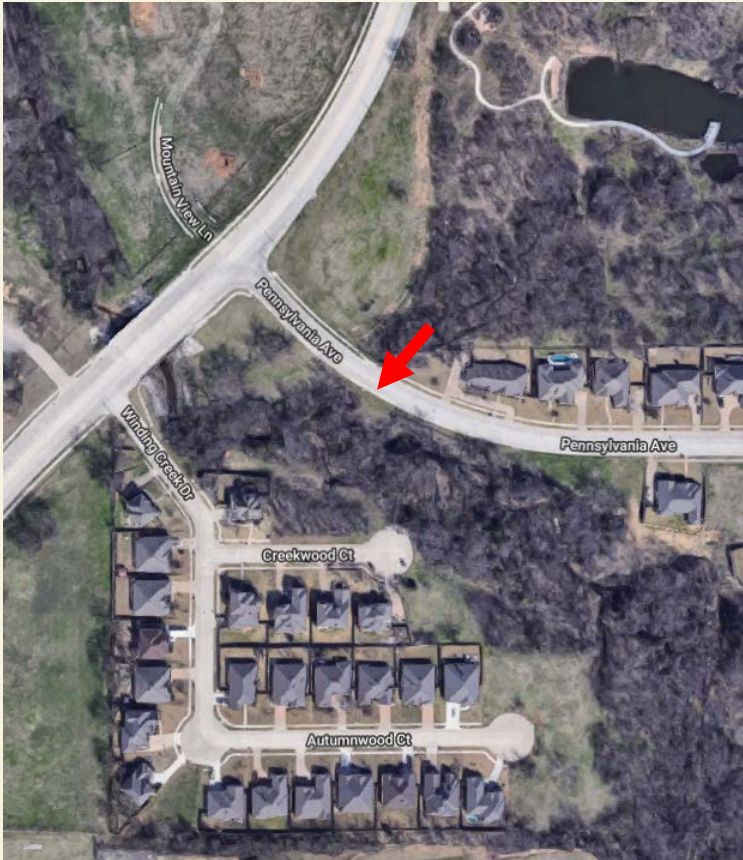
Engineering	\$	*
Construction	\$	239,860
Total	\$	239,860

* Engineering approved by separate contract.
Only construction cost will be funded by Debt Issuance

UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service;
Environmental Quality; Operational Budget Impact

Pennsylvania Ave Erosion Improvements (Engr. Evaluation and Recommendation Only)



Purpose

Control erosion and prevent possible roadway failure along Pennsylvania Avenue. The top of bank erosion is approximately 10 feet from back of curb for Pennsylvania Avenue.

Opinion of Probable Cost

Engineering	\$	80,910
Construction	\$	*
Total	\$	80,910

* Funding is only for Engineering study, evaluation, and construction recommendation.

UIB Matrix Goals Met:

Public Health and Safety, Maintains or Improves Standard of Service, Public Perception of Need

Eden Road Improvements (Mansfield Cardinal to BU 287)



Section of Eden Road to be improved.

Purpose

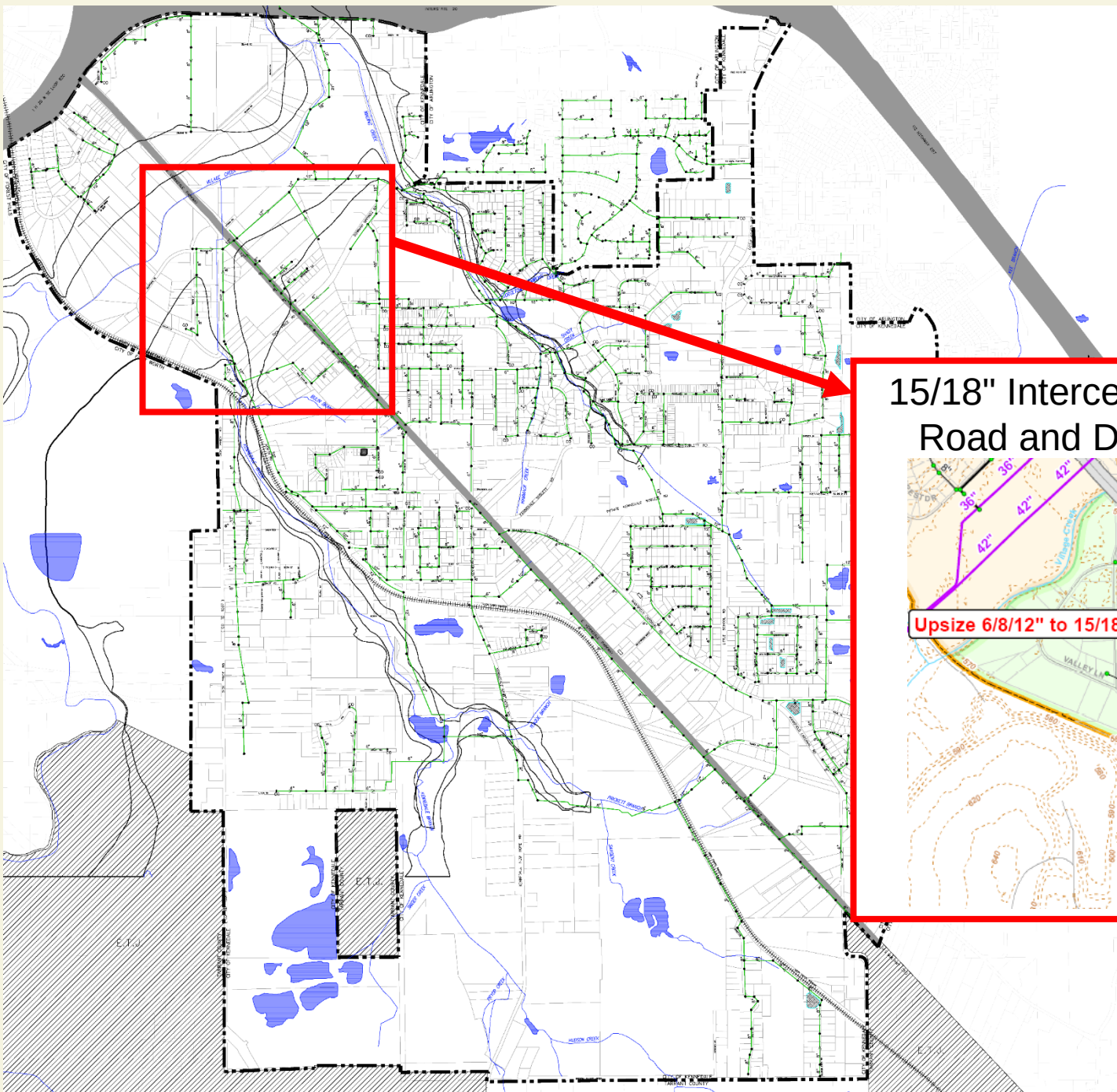
Repave and repair Eden Road, install new sewer main and waterline.

Opinion of Probable Cost

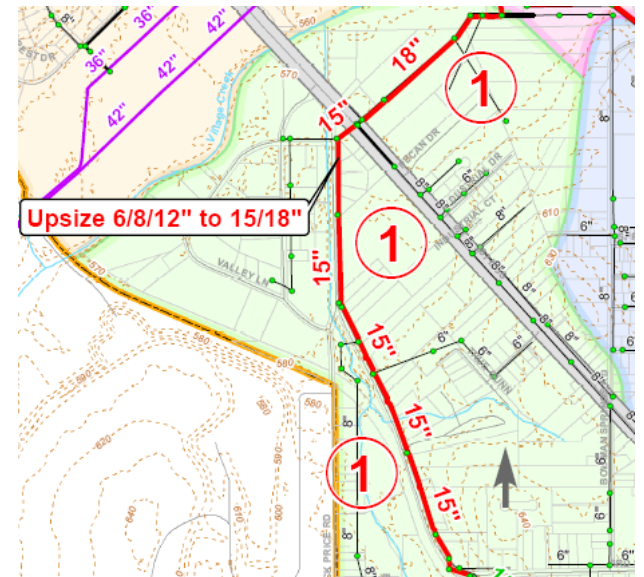
Engineering	\$	69,850
Construction	\$	871,530
Total	\$	941,380

UIB Matrix Goals Met:

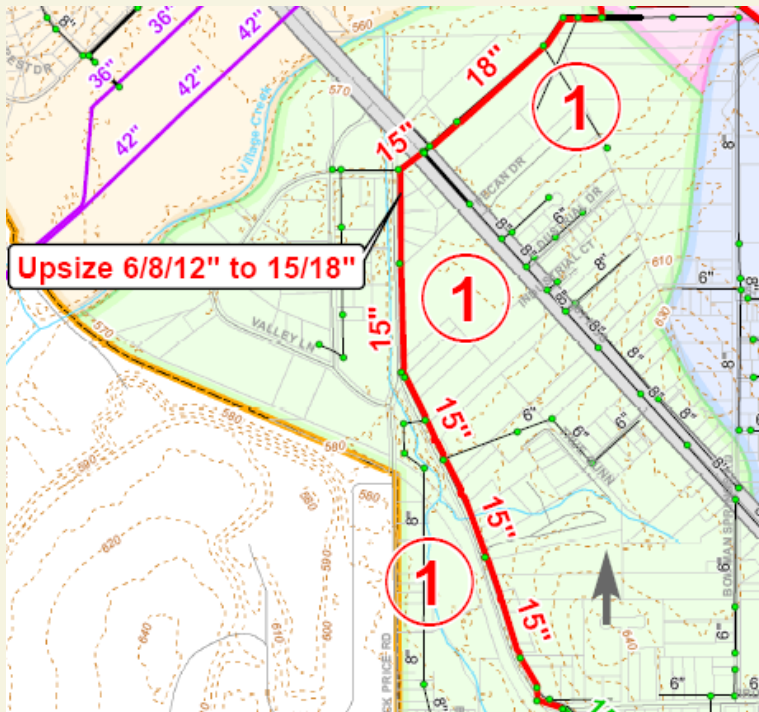
Maintains or Improves Standard of Service; Public Perception of Need;
Public Health and Safety



15/18" Interceptor along North Road and Dick Price Road



15"/18" Interceptor along North Road and Dick Price Road



Purpose

This line will address an existing system capacity deficiency and provide capacity for growth by upsizing the existing 6/8/12" to a 15/18".

Opinion of Probable Cost

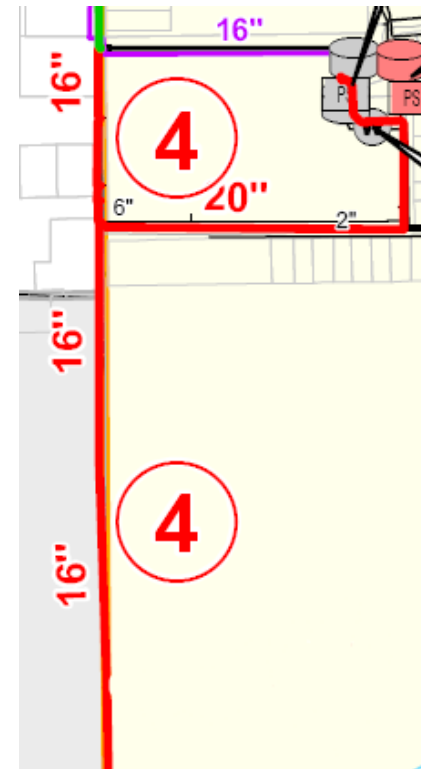
Engineering	\$	188,150
Construction	\$	1,254,330
Total	\$	1,442,480

15-inch line along North Road between 3rd Street and Dick Price Road. 15/18-inch line along Dick Price Road between North Road and Basin C-1

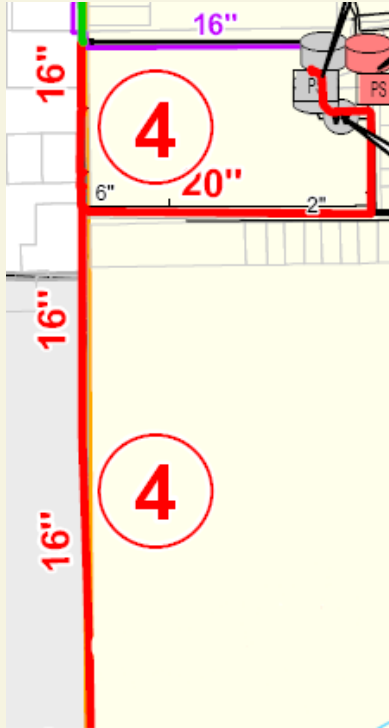
UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service; Environmental Quality; Operational Budget Impact

16/20" Waterline Pump Station 3



16/20" Waterline (Pump Station 3 to and Along Dick Price Road)



Purpose

This project provides additional transmission capacity from Pump Station 3. This project also provides capacity for future growth along Dick Price Road.

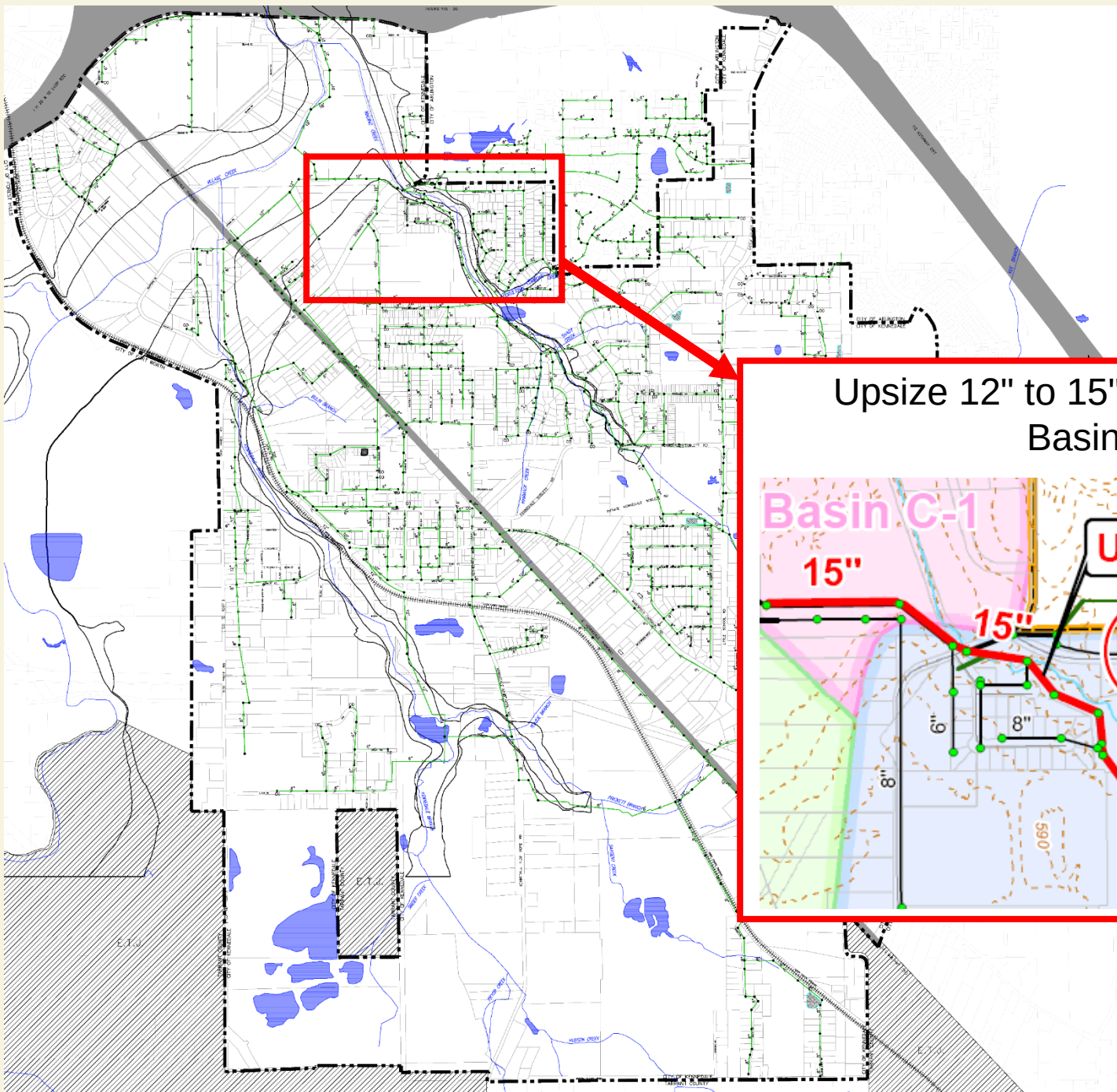
Opinion of Probable Cost

Engineering	\$	169,520
Construction	\$	1,130,120
Total	\$	1,299,640

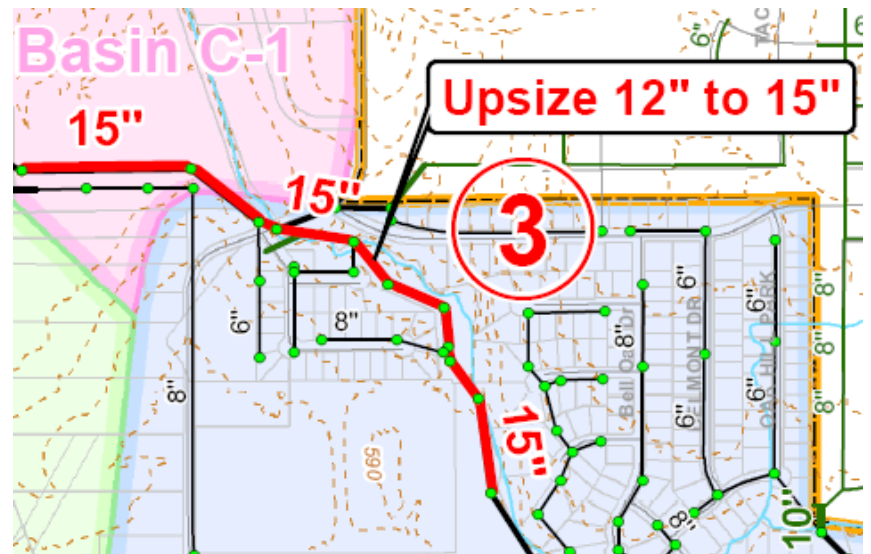
20-inch water lines between Pump Station 3 and Dick Price Road. 16-inch water line along Dick Price Road north of Linda Road. 16-inch water line along Dick Price Road south of Linda Road.

UIB Matrix Goals Met:

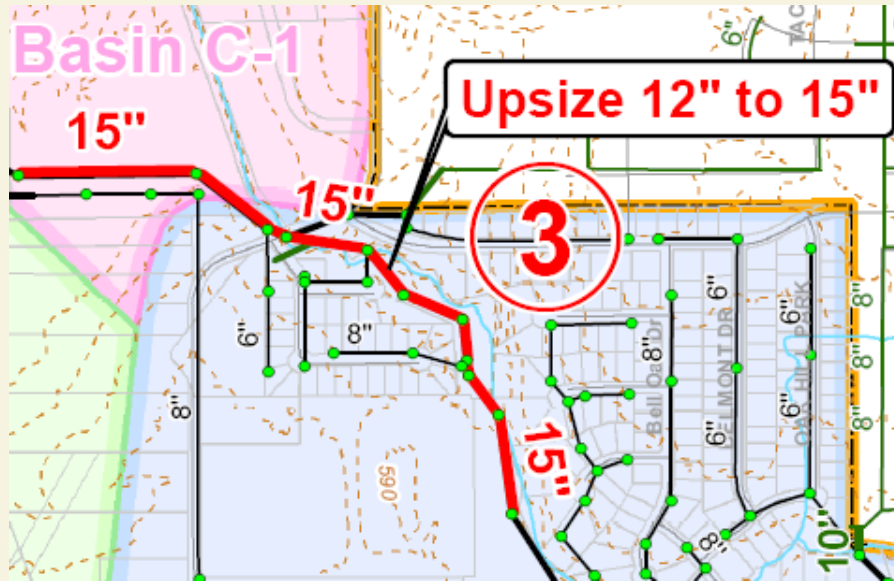
Public Health and Safety; Maintains or Improves Standard of Service; Environmental Quality



Upsize 12" to 15" Interceptor in
Basin C



Upsize 12" to 15" Interceptor in Basin C



Upsize 12" to 15" Interceptor in Basin C

Purpose

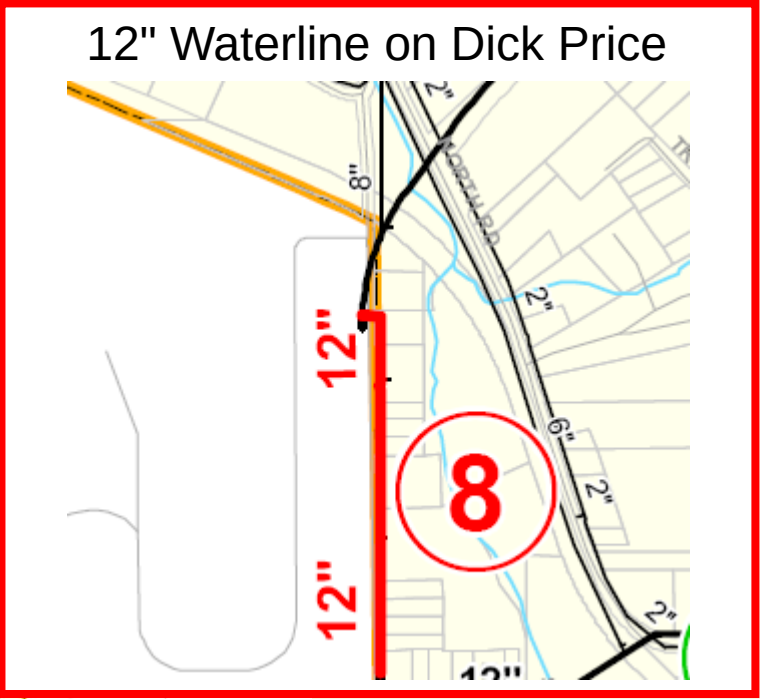
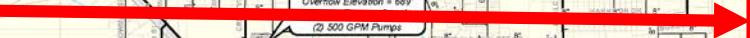
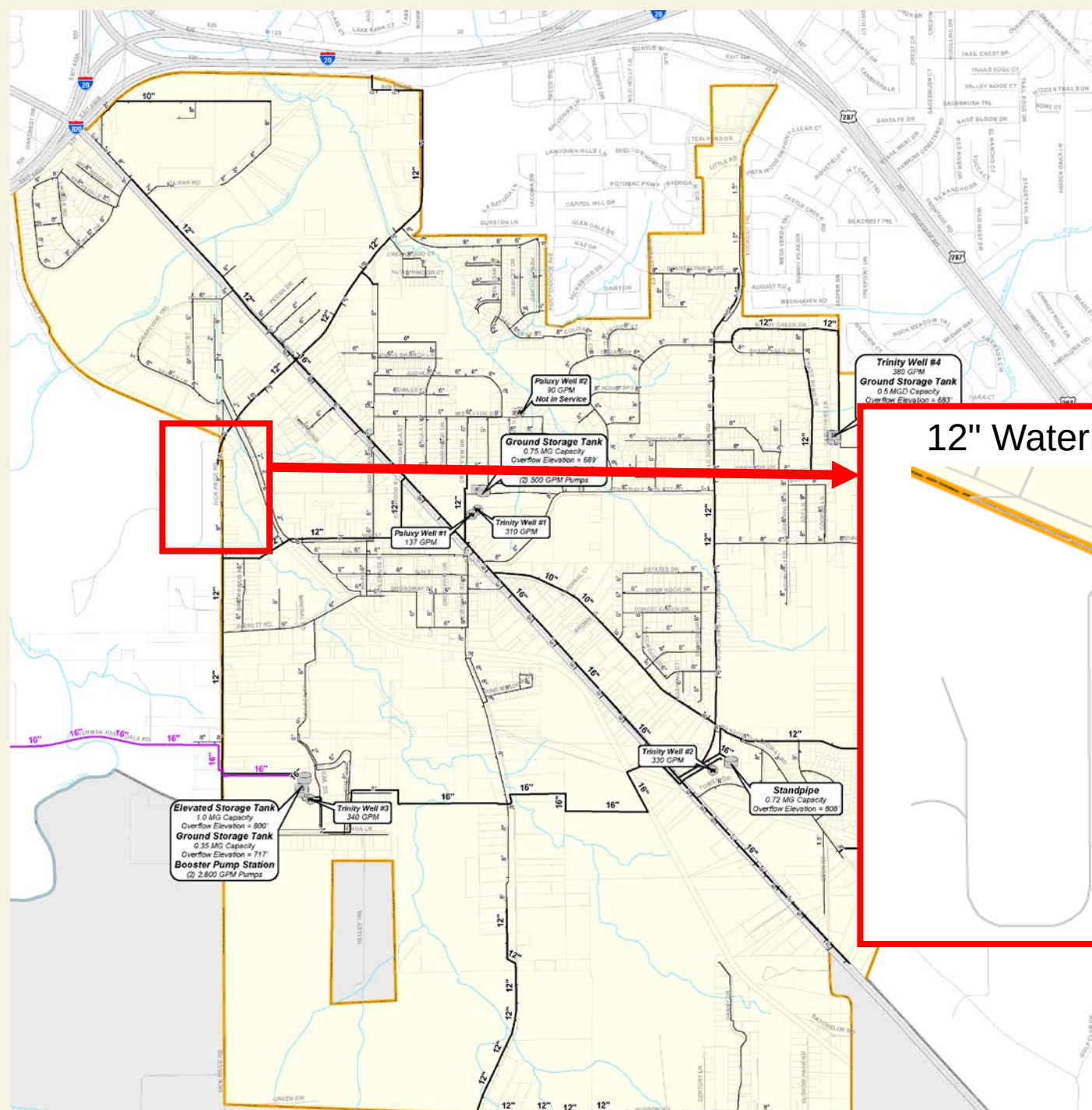
This line will address an existing system capacity deficiency and provide capacity for growth by upsizing the existing 12" to a 15".

Opinion of Probable Cost

Engineering	\$	90,290
Construction	\$	601,920
Total	\$	692,210

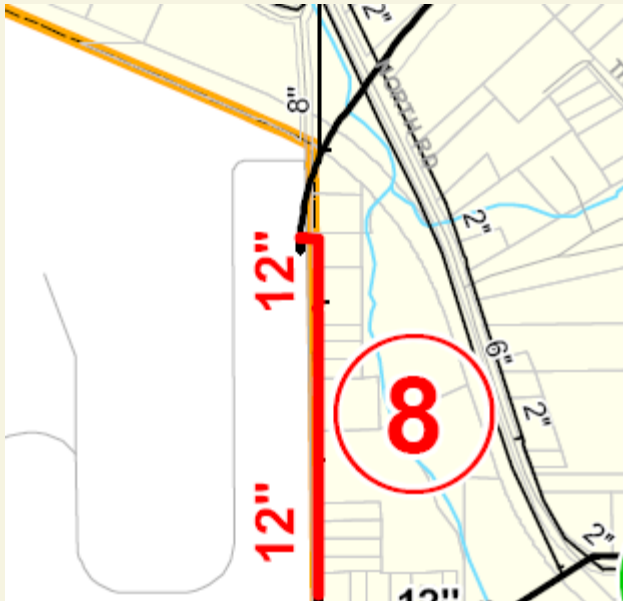
UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service;
Environmental Quality; Operational Budget Impact



12" Waterline on Dick Price

12" Waterline on Dick Price Road (Shady Ln to North Rd)



12-inch water line along Dick Price Road
north of Shady Lane.

Purpose

This project connects existing 12-inch water lines to provide additional transmission capacity along Dick Price Road.

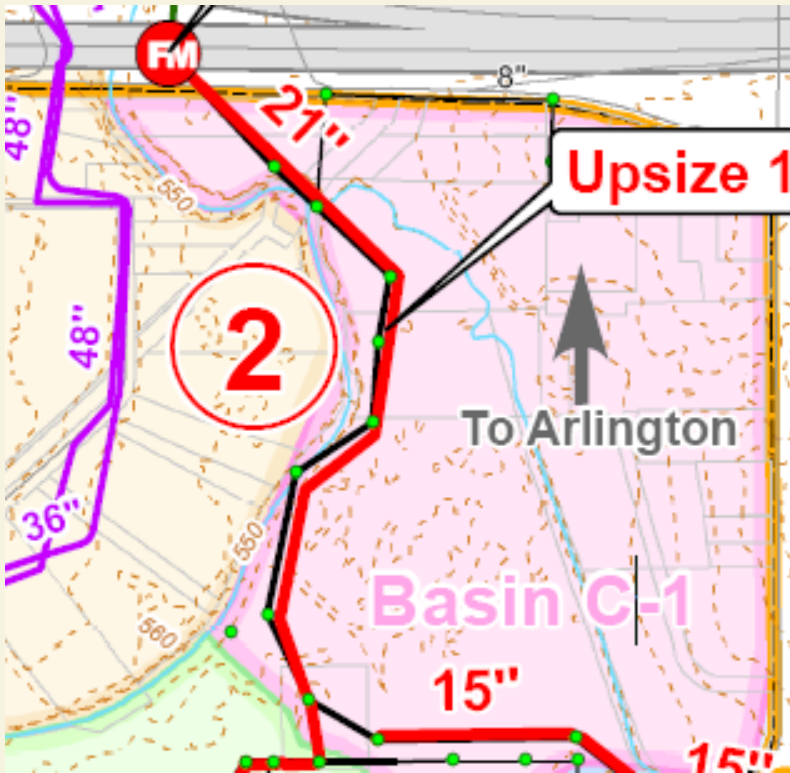
Opinion of Probable Cost

Engineering	\$	41,730
Construction	\$	278,150
Total	\$	319,880

UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service;
Environmental Quality; Operational Budget Impact

Upsize 18" to 21" Interceptor in Basin C-1



Upsize 18" to 21" Interceptor in Basin C-1

Purpose

This line will address an existing system capacity deficiency and provide capacity for growth by upsizing the existing 18" to a 21".

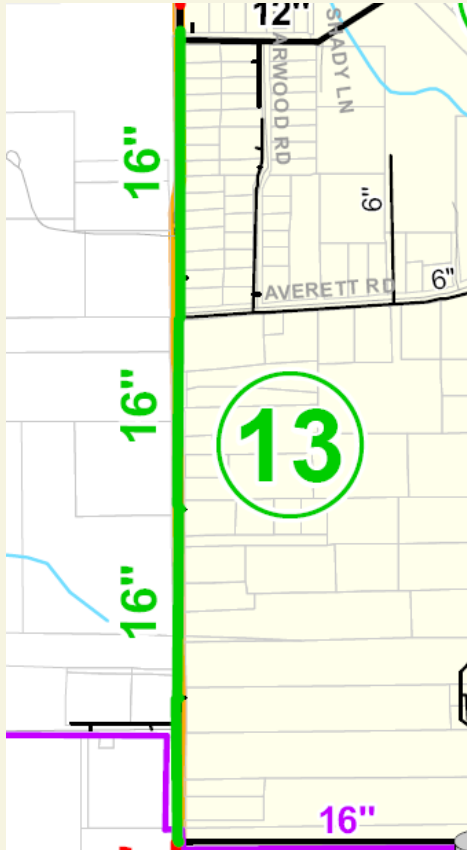
Opinion of Probable Cost

Engineering	\$	110,440
Construction	\$	736,250
Total	\$	846,690

UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service;
Environmental Quality; Operational Budget Impact

12" AC to 16" Waterline on Dick Price Rd (Linda Rd to Shady Ln)



16-inch water line replaces existing 12-inch line
along Dick Price Road south of Shady Lane.

Purpose

This project provides additional transmission capacity from Pump Station 3 along Dick Price Road.

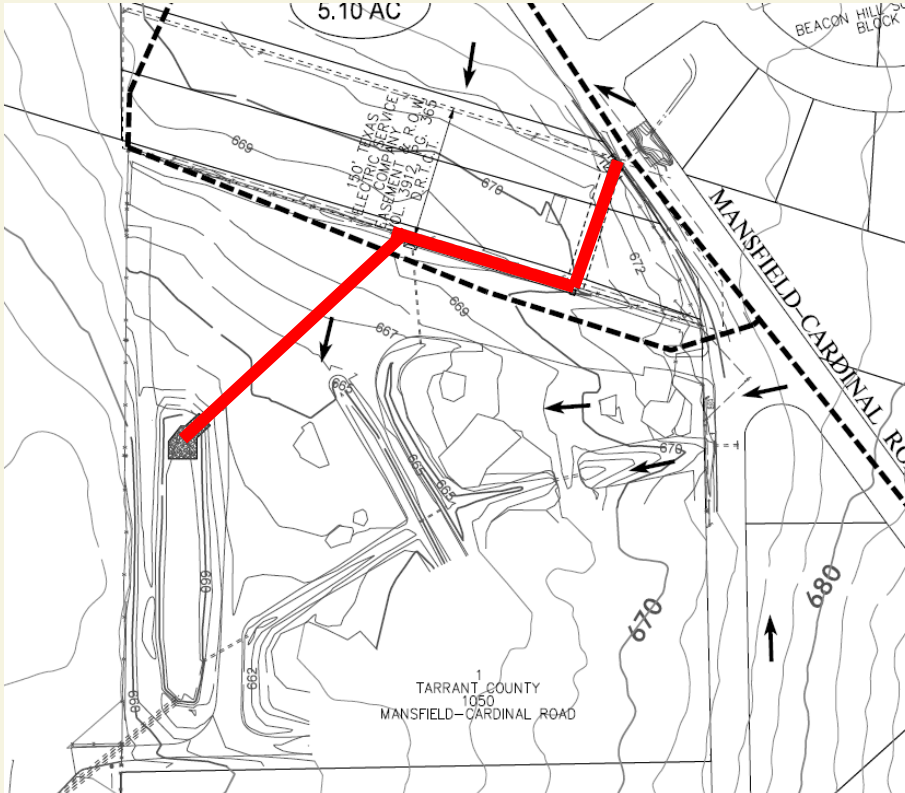
Opinion of Probable Cost

Engineering	\$	86,550
Construction	\$	576,960
Total	\$	663,510

UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service;
Environmental Quality; Operational Budget Impact

Beacon Hill Drainage Improvements



Purpose

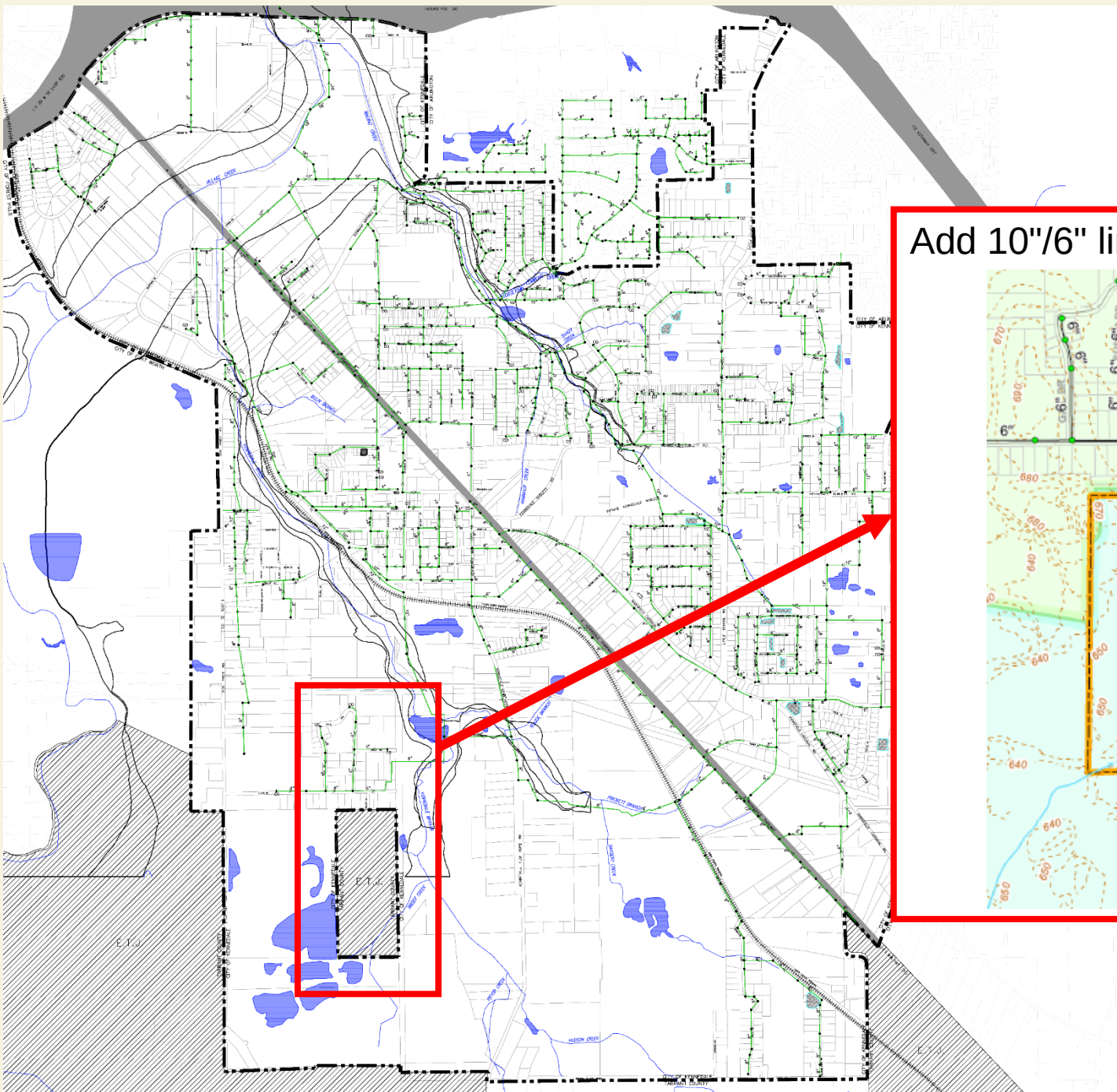
Drainage improvements along Mansfield Cardinal Road near the Beacon Hill Subdivision.
Ready for construction.

Opinion of Probable Cost

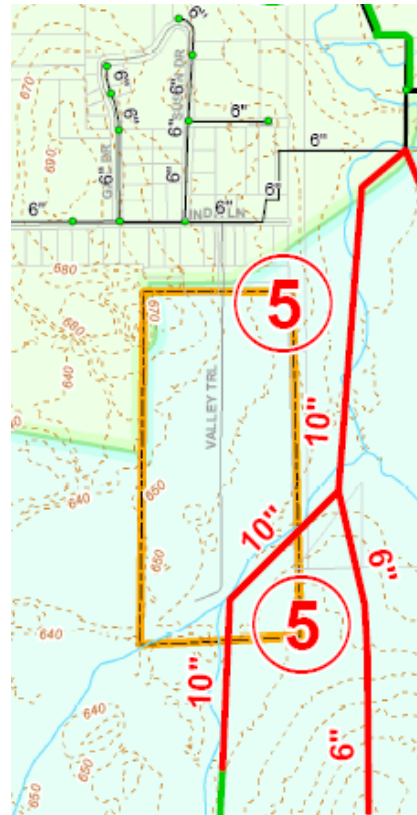
Engineering	\$	Complete
Construction	\$	193,735
Total	\$	193,735

UIB Matrix Goals Met:

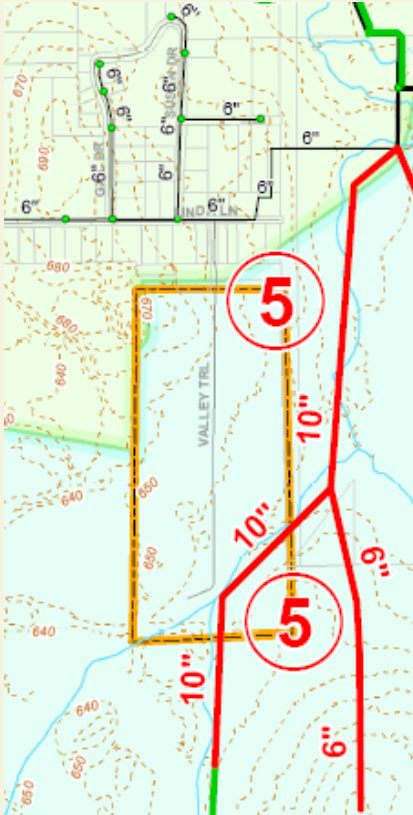
Maintains or Improves Standard of Service; Public Perception of Need;
Public Health and Safety



Add 10"/6" lines in Basin B-2



Add 10"/6" lines in Basin B-2



Add 10"/6" lines in Basin B-2

Purpose

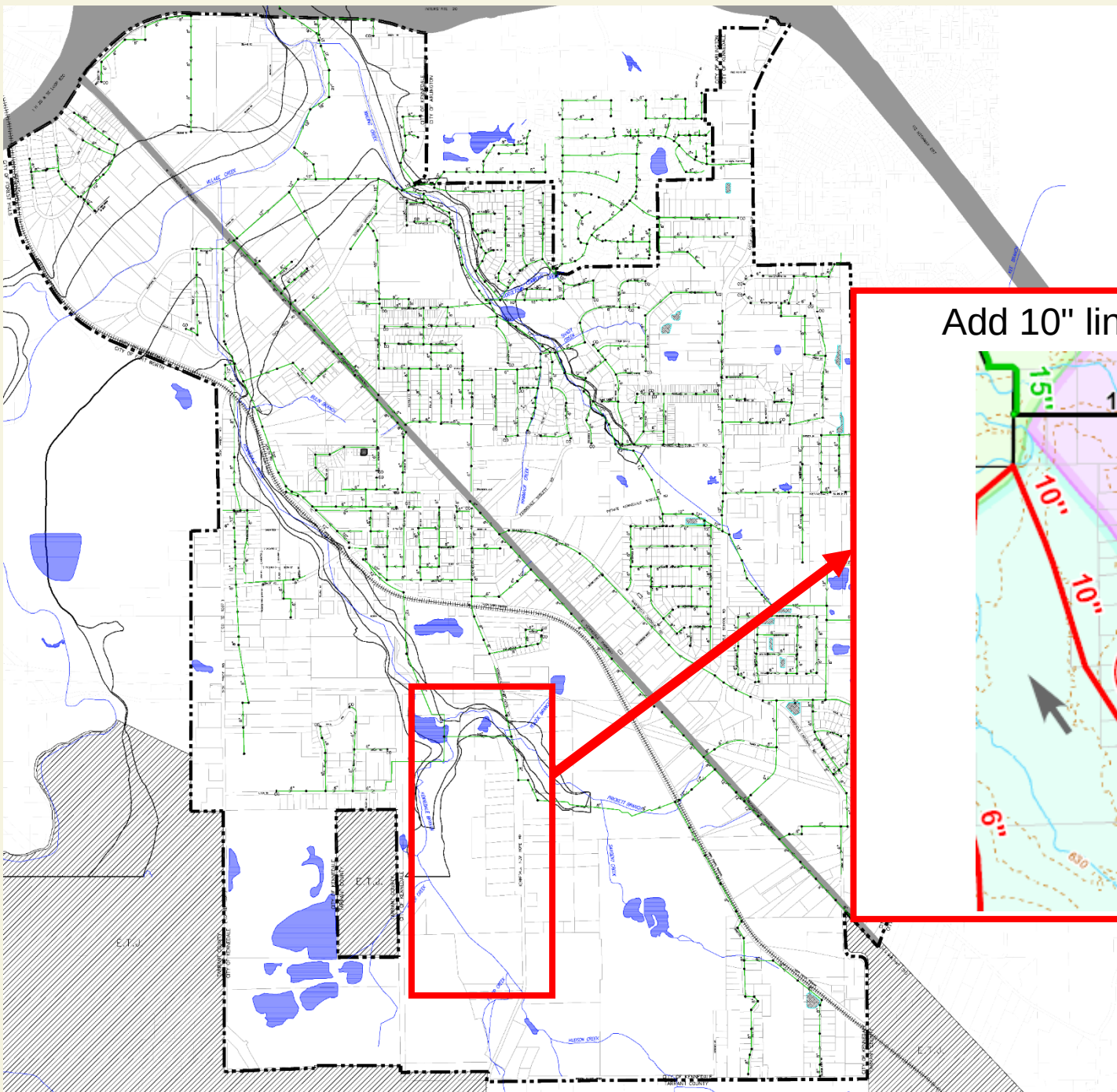
Addresses SSO issues and this line will allow for future growth in Basin B-2.

Opinion of Probable Cost

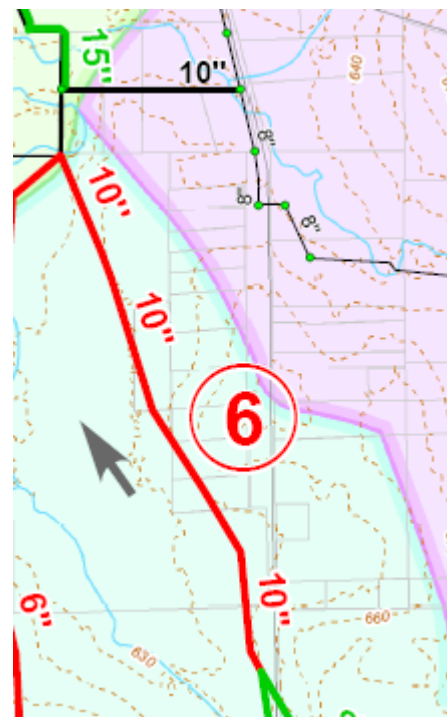
Engineering	\$	128,610
Construction	\$	857,380
Total	\$	985,990

UIB Matrix Goals Met:

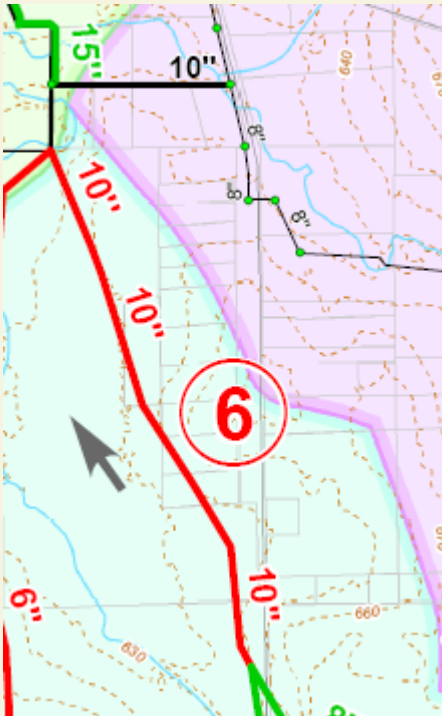
Public Health and Safety; Maintains or Improves Standard of Service;
Environmental Quality; Related to Other Projects



Add 10" line in Basin B-2



Add 10" line in Basin B-2



10-inch line on the northeast side of Basin B-2

Purpose

To meet contract requirements with Texas Raceways and this line will allow for future growth in Basin B-2.

Opinion of Probable Cost

Engineering	\$	55,690
Construction	\$	371,260
Total	\$	426,950

UIB Matrix Goals Met:

Public Health and Safety; Mandates and Other Legal Requirements;
Maintains or Improves Standard of Service; Related to Other Projects

2018 Infrastructure Improvements Projects



Projects Funded By Other Means

FRIDAY, OCTOBER 05, 2018



TxDOT New Hope Road Culvert Replacement



Location of culvert on New Hope Road to be replaced and upsized.

Purpose

TxDOT will replace dilapidated culverts and upsize structure to meet current storm flows.

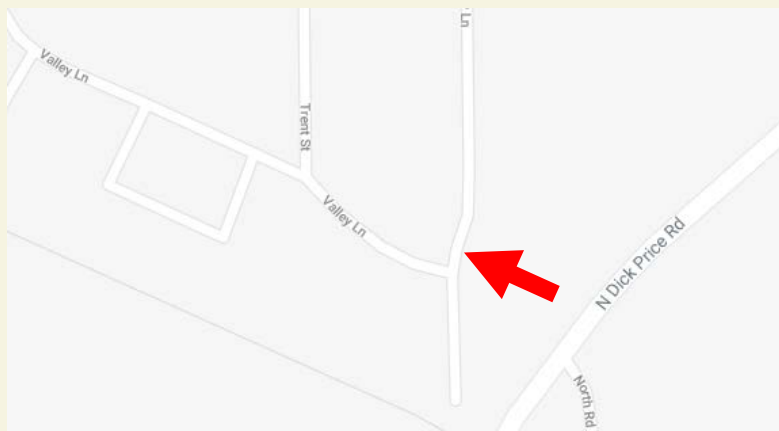
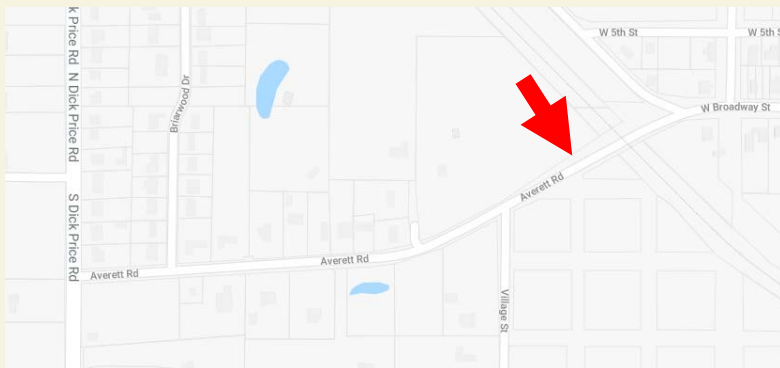
Opinion of Probable Cost

Engineering	\$	310,000
Construction	\$	57,425
Total	\$	367,425

UIB Matrix Goals Met:

Availability of Matching Funds; Public Health and Safety;
Related to Other Projects

TxDOT EMP: Averett Road and Valley Lane



Location of bridges on Averett Road (top)
and Valley Lane (bottom) to be repaired.

Purpose

Structural repairs to Bridges on
Averett Road and Valley Lane to
satisfy equal match funds from
TxDOT for New Hope Road.

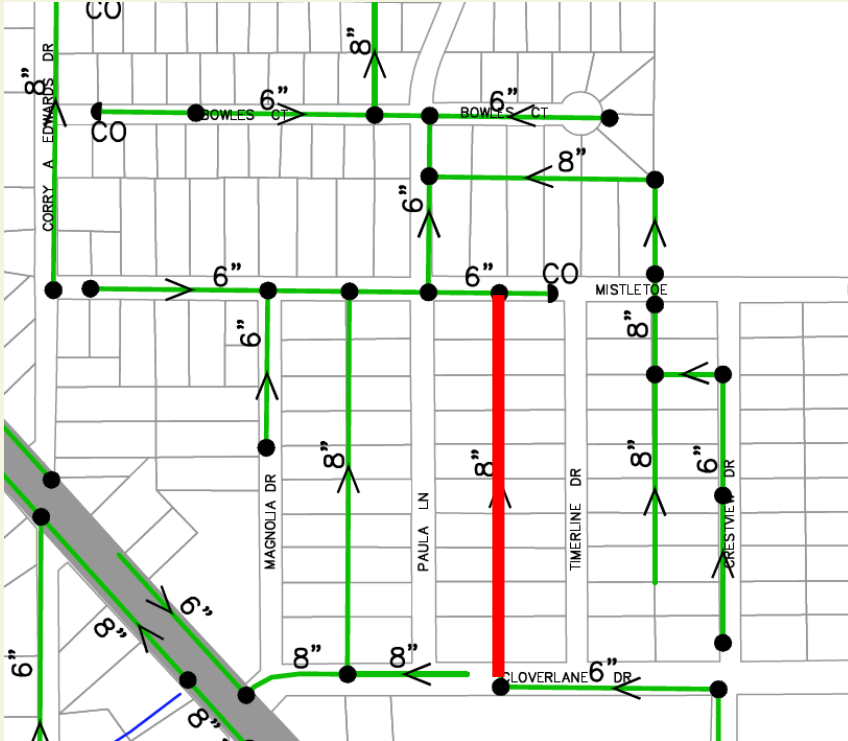
Opinion of Probable Cost

Engineering	\$	37,542
Construction	\$	165,246
Total	\$	202,788

UIB Matrix Goals Met:

Availability of Matching Funds; Public Health and Safety;
Related to Other Projects

Timberline Drive Sewer Improvements



Rehab the sewer main between Timberline Drive and Paula Lane

Purpose

Rehab the sewer main in deteriorating and failing condition.

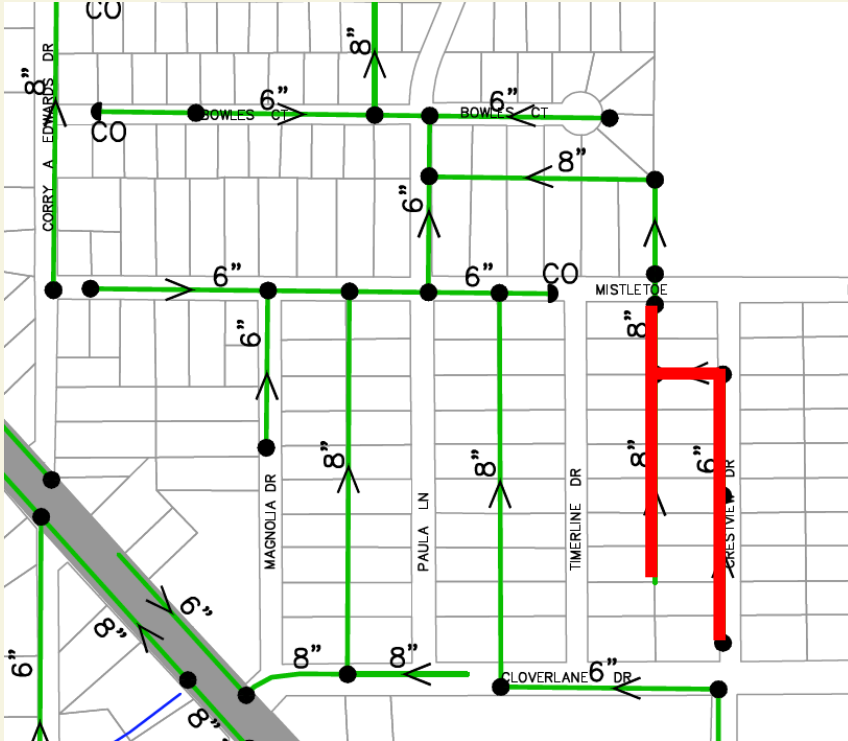
Opinion of Probable Cost

Engineering	\$	17,997
Construction	\$	119,980
Total	\$	137,977

UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service;
Related to Other Project; Environmental Quality

Crestview Drive Sewer Improvements



Rehab the sewer main between Crestview Drive and Timberline Drive, and along Crestview Drive

Purpose

Rehab the sewer main in deteriorating and failing condition.

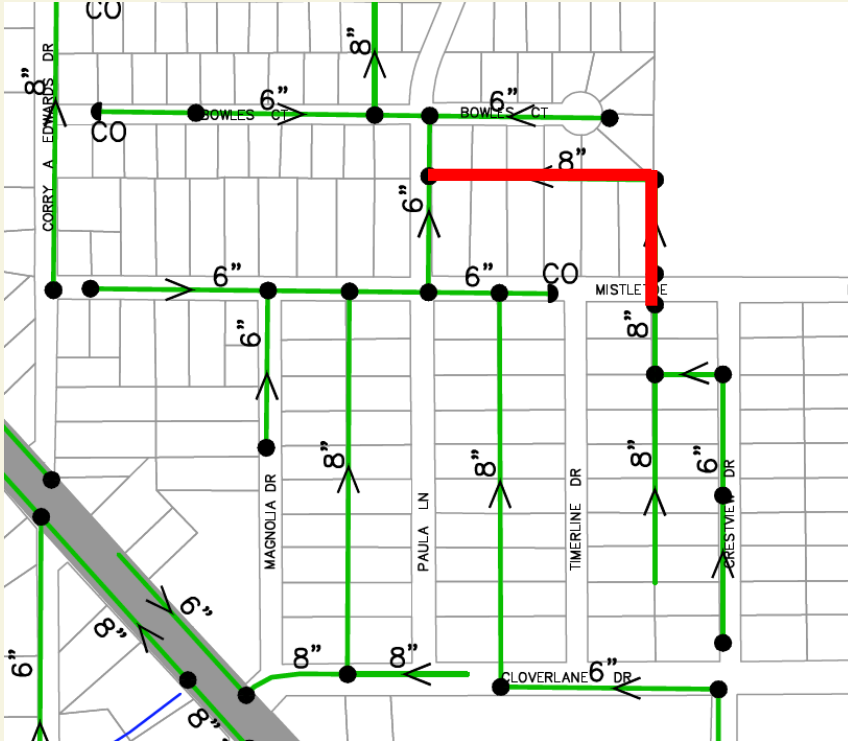
Opinion of Probable Cost

Engineering	\$	28,056
Construction	\$	187,040
Total	\$	215,096

UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service;
Related to Other Project; Environmental Quality

Mistletoe Drive Sewer Improvements



Rehab the sewer main between Mistletoe Drive and Bowles Court.

Purpose

Rehab the sewer main in deteriorating and failing condition.

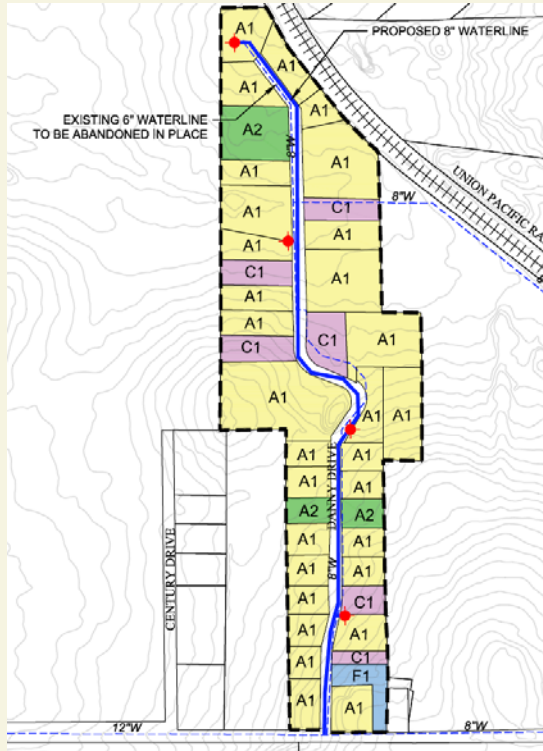
Opinion of Probable Cost

Engineering	\$	15,876
Construction	\$	105,840
Total	\$	121,716

UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service;
Related to Other Project; Environmental Quality

Danny Drive Water Improvements (Community Development Block Grant)



Proposed waterline along
Danny Drive.

Purpose

Replace a 6" AC waterline with an 8" HDPE/PVC waterline

Opinion of Probable Cost

Engineering	\$	45,900
Construction	\$	296,065
Total	\$	201,965

UIB Matrix Goals Met:

Public Health and Safety; Maintains or Improves Standard of Service; Public Perception of Need; Availability of Matching Funds;

Kennedale Safe Routes to School



Purpose

Improvements to make it safer and more enjoyable for students to walk and bicycle to school from nearby neighborhoods, and from schools to the neighborhoods.

Opinion of Probable Cost

Engineering \$ 75,148

Construction \$ 751,485

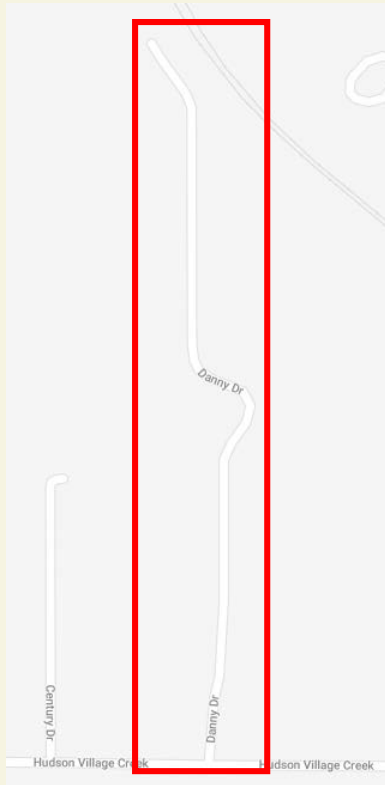
Total City Match \$ 165,327*

*** Project Total: \$826,633**

City (20%): \$165,327

Federal (80%): \$661,306

Danny Drive Pavement Improvements (Pavement by County Forces)



Danny Drive

Purpose

Repave Danny Drive using County forces.

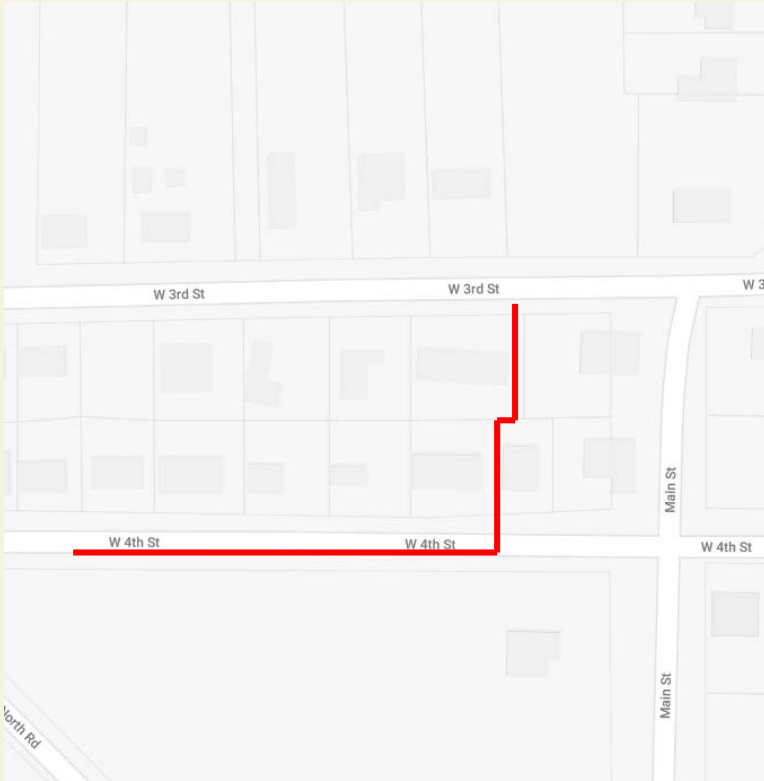
Opinion of Probable Cost

Engineering	\$	5,000
Construction	\$	138,000
Total	\$	143,000

UIB Matrix Goals Met:

Public Perception of Need; Availability of Matching Funds; Maintains or Improves Standard of Service

3rd Street Drainage Improvements



Location of drainage improvements
along 3rd Street.

Purpose

Drainage improvements along 3rd Street to alleviate residential flooding. Ready for construction.

Opinion of Probable Cost

Engineering	\$	Complete
Construction	\$	187,272
Total	\$	187,272

UIB Matrix Goals Met:

Maintains or Improves Standard of Service; Public Perception of Need; Public Health and Safety

Danny Drive Drainage Improvements



Proposed Drainage
improvements Across
Danny Drive.

Purpose

Drainage Improvements Across
Danny Drive

Opinion of Probable Cost

Engineering	\$	TBD
Construction	\$	TBD
Total	\$	TBD

UIB Matrix Goals Met:

Maintains or Improves Standard of Service; Public Perception of Need;
Public Health and Safety

Industrial Drive

Opinion of Probable Cost

Engineering	\$	52,061
Construction	\$	347,071
Total	\$	399,132

UIB Matrix Goals Met:

Maintains or Improves
Standard of Service;
Operational Budget
Impact;

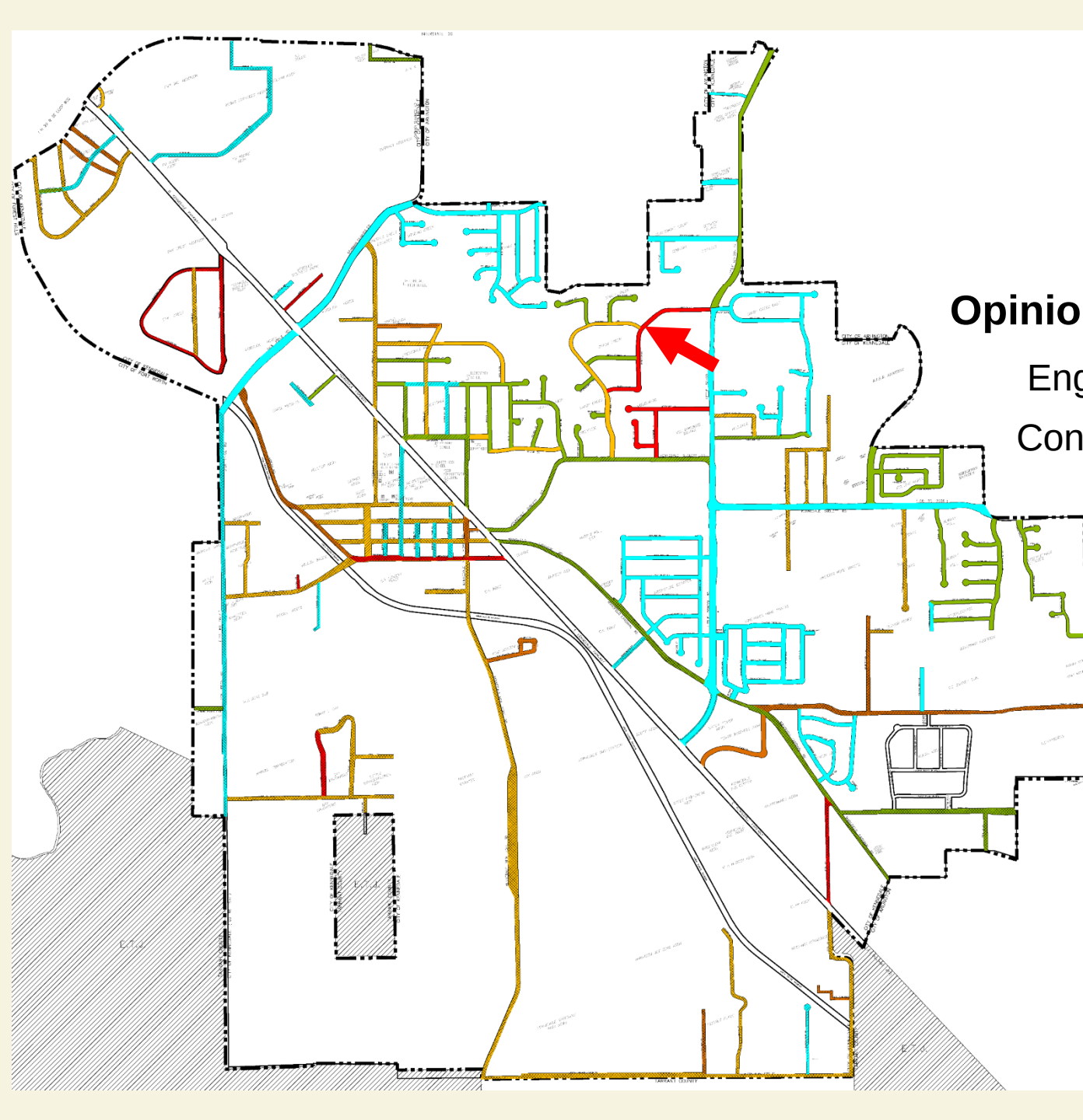
Shady Creek

Opinion of Probable Cost

Engineering	\$	257,530
Construction	\$	1,716,864
Total	\$	1,974,394

UIB Matrix Goals Met:

Maintains or Improves
Standard of Service;
Operational Budget
Impact;



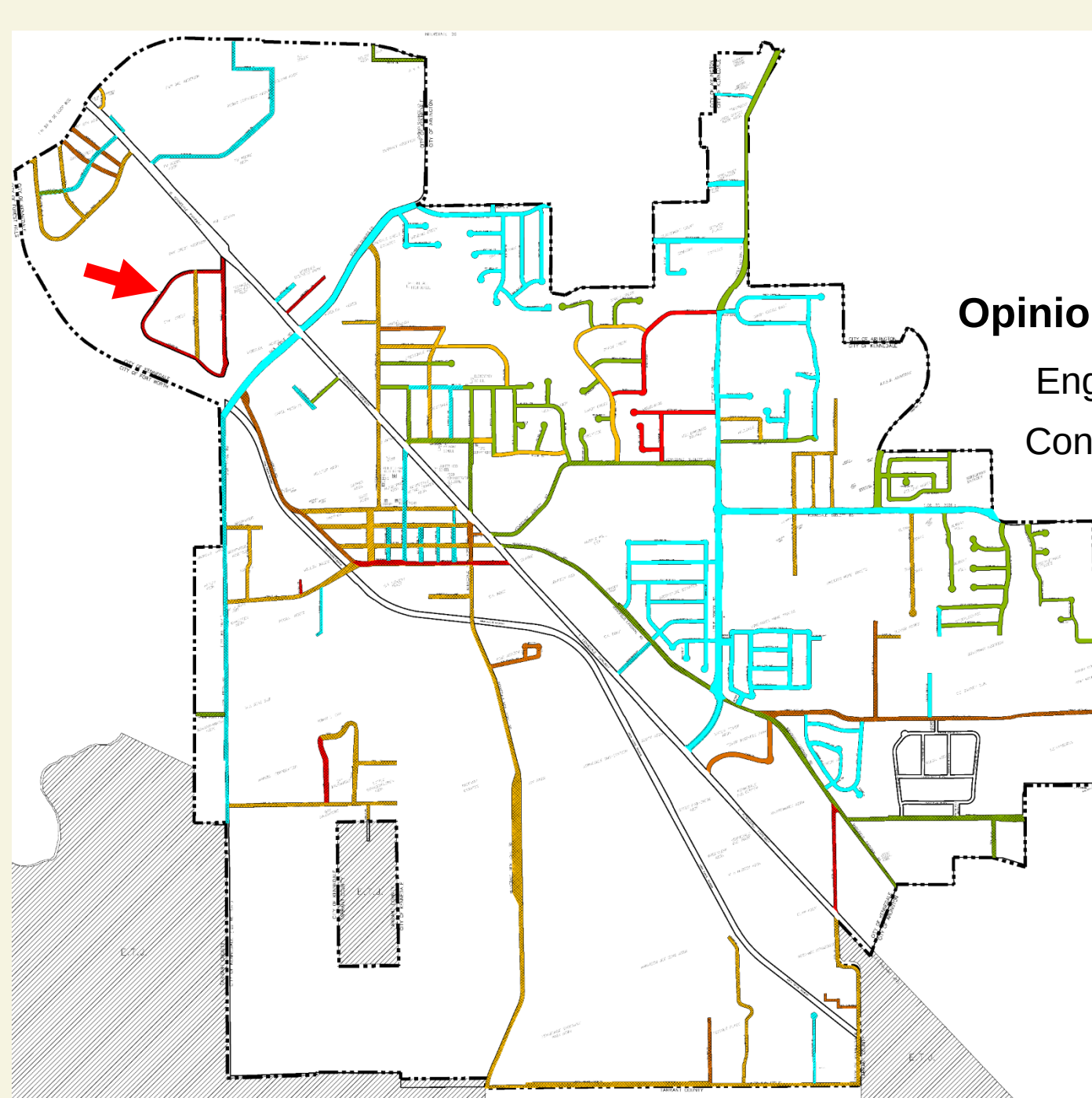
Grapevine Trail

Opinion of Probable Cost

Engineering	\$	52,286
Construction	\$	348,574
Total	\$	400,860

UIB Matrix Goals Met:

Maintains or Improves
Standard of Service;
Operational Budget
Impact;



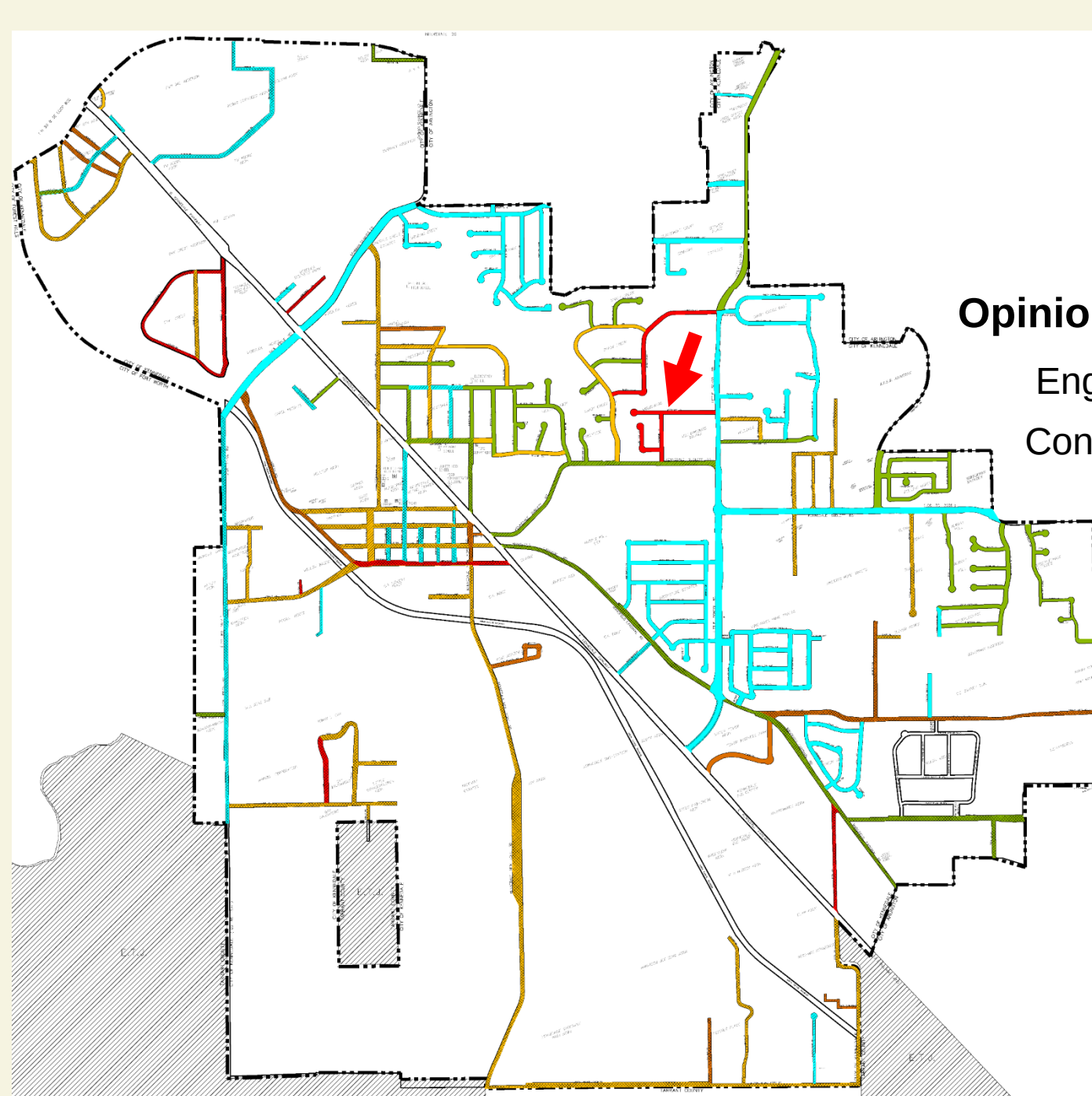
Woodland Court

Opinion of Probable Cost

Engineering	\$	125,924
Construction	\$	839,496
Total	\$	965,420

UIB Matrix Goals Met:

Maintains or Improves
Standard of Service;
Related to Other
Projects;
Operational Budget
Impact;



Oakwood Lane

Opinion of Probable Cost

Engineering	\$	72,904
Construction	\$	486,024
Total	\$	558,928

UIB Matrix Goals Met:

Maintains or Improves
Standard of Service;
Related to Other Projects;
Operational Budget
Impact;

Peachtree Court

Opinion of Probable Cost

Engineering	\$	59,648
Construction	\$	397,656
Total	\$	457,304

UIB Matrix Goals Met:

Maintains or Improves
Standard of Service;
Related to Other
Projects;
Operational Budget
Impact;

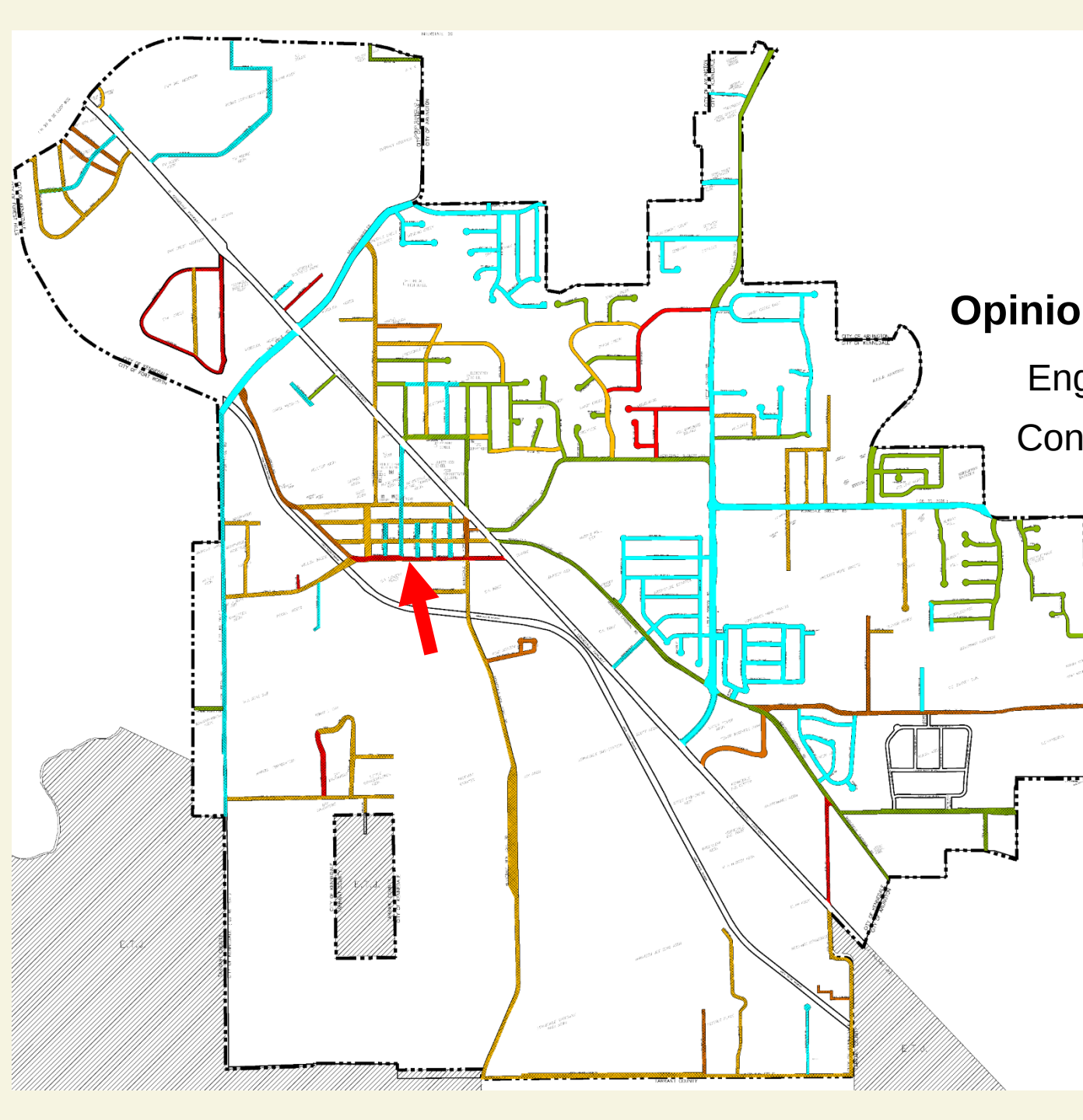
Broadway Street

Opinion of Probable Cost

Engineering	\$	141,028
Construction	\$	940,188
Total	\$	1,081,216

UIB Matrix Goals Met:

Maintains or Improves
Standard of Service;
Operational Budget
Impact;



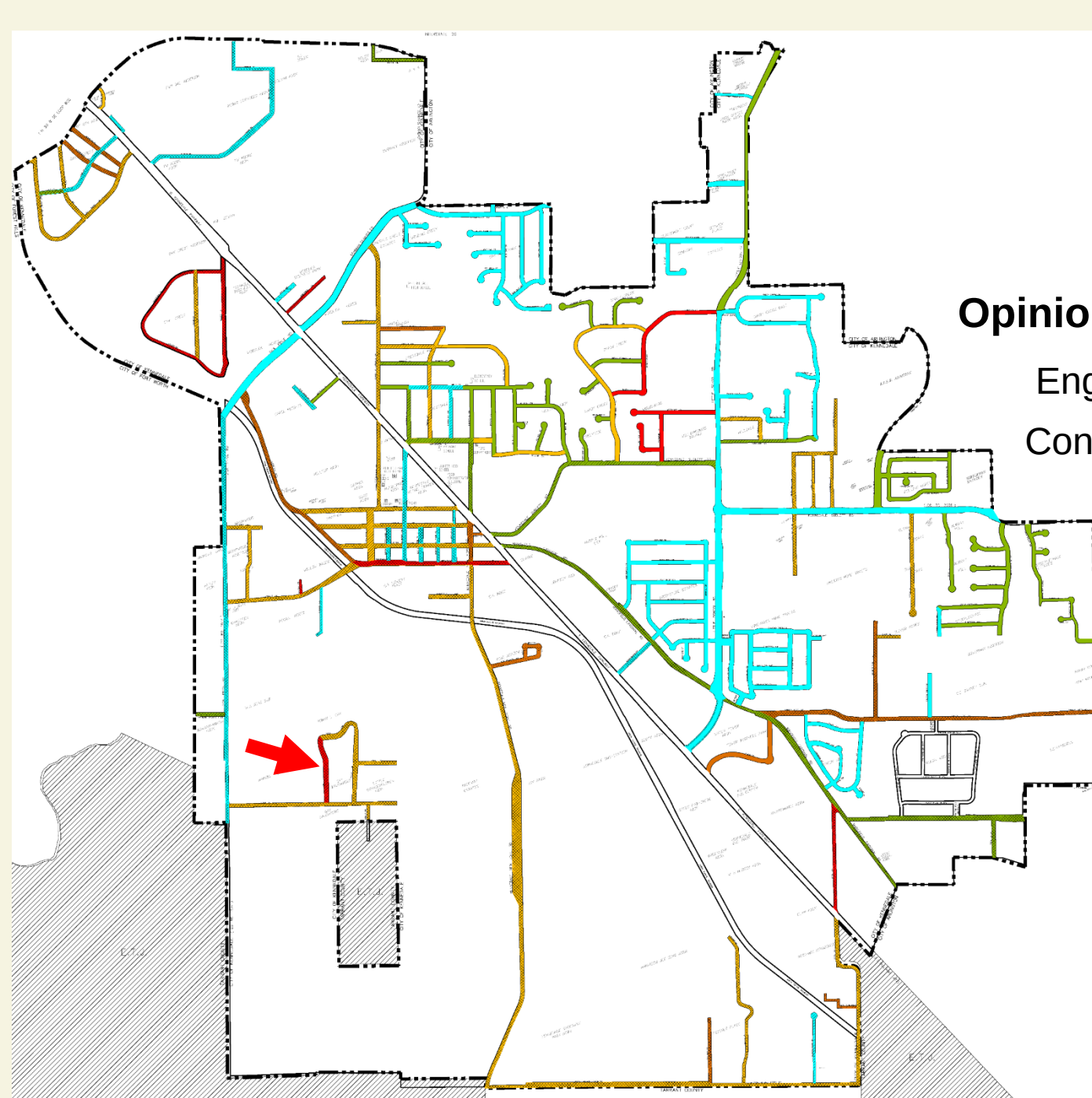
Gail Drive

Opinion of Probable Cost

Engineering	\$	65,075
Construction	\$	433,831
Total	\$	498,905

UIB Matrix Goals Met:

Maintains or Improves
Standard of Service;
Operational Budget
Impact;



Mineral Street



Purpose

Roadway improvements for Mineral Street

Opinion of Probable Cost

Engineering	\$	1,074
Construction	\$	7,161
Total	\$	8,235

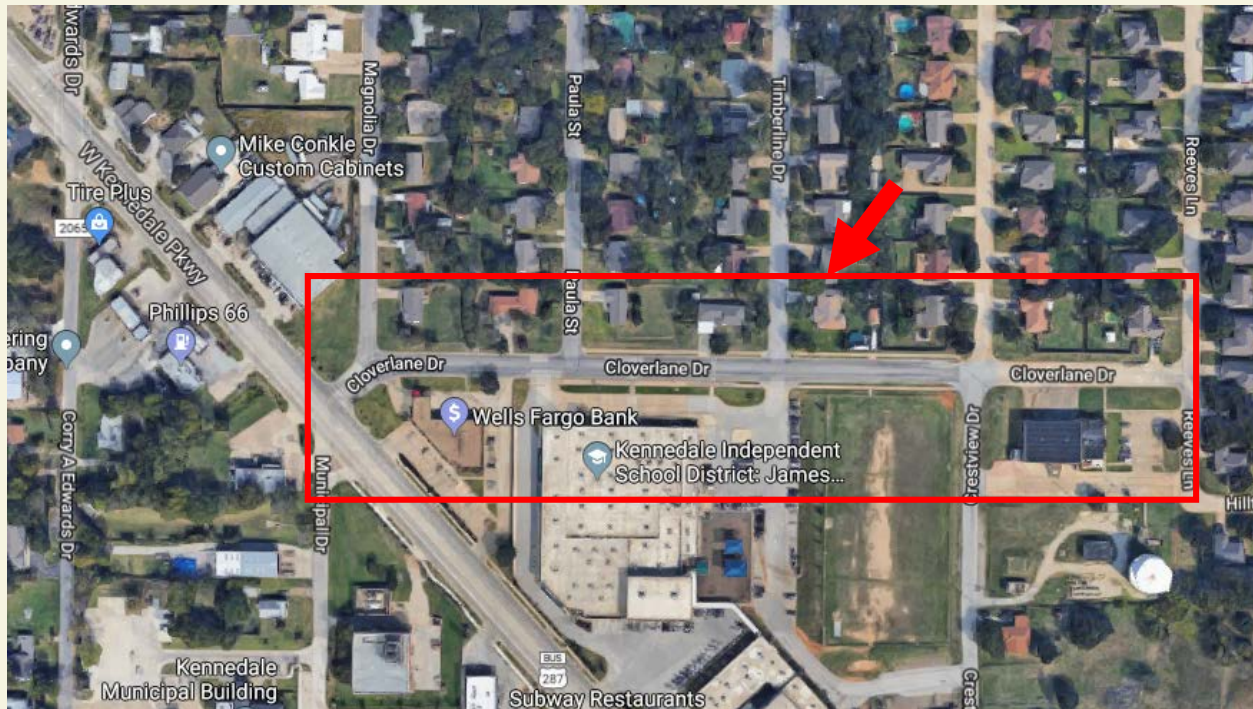
Cloverlane Drive

Opinion of Probable Cost

Engineering	\$	3,000
Construction	\$	141,040
Total	\$	144,040

UIB Matrix Goals Met:

Maintains or Improves
Standard of Service;
Operational Budget
Impact;



Peggy Lane

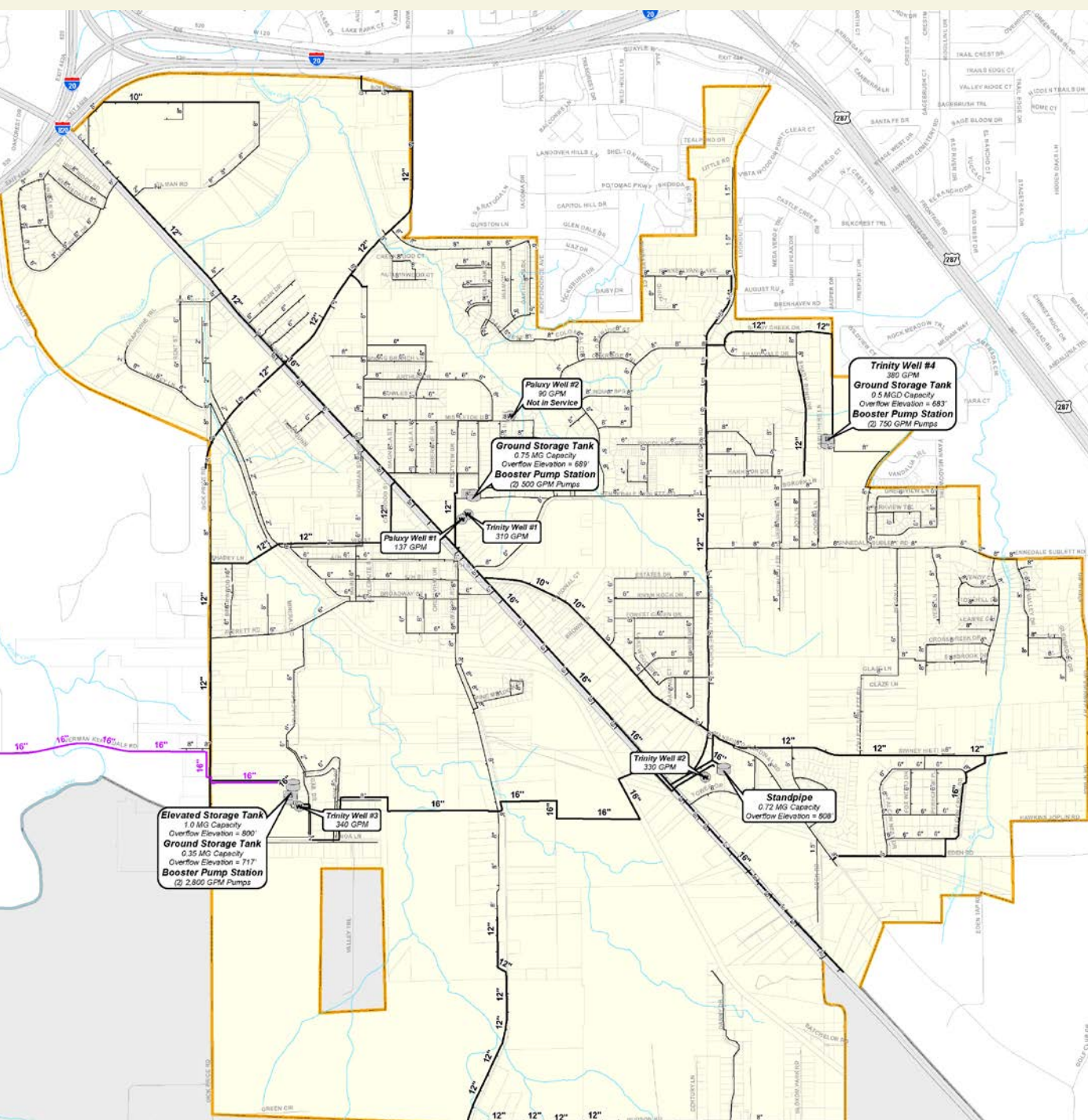
Opinion of Probable Cost

Engineering	\$	160,009
Construction	\$	1,066,728
Total	\$	1,226,737

UIB Matrix Goals Met:

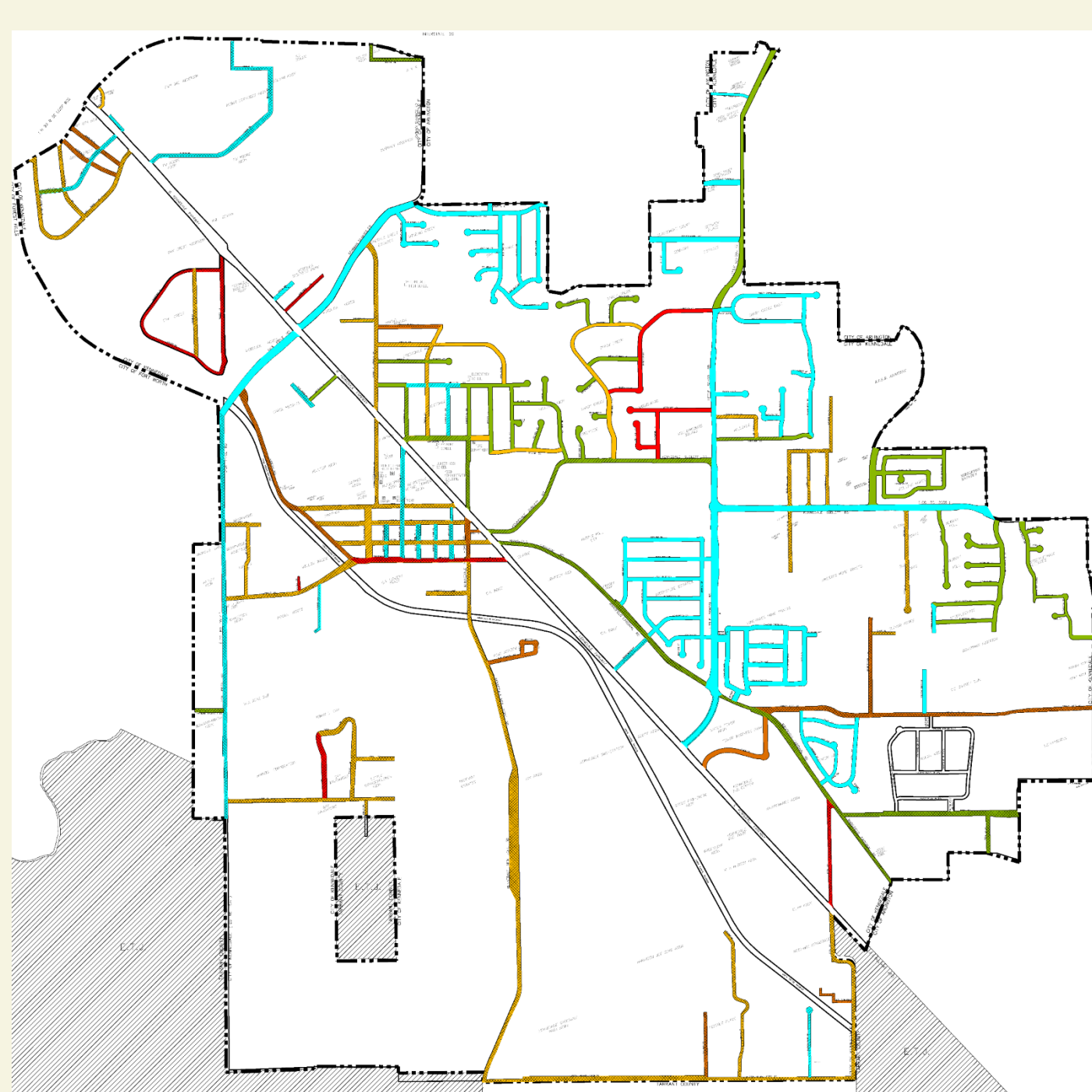
Maintains or Improves
Standard of Service;
Operational Budget
Impact;

EXISTING WATER SYSTEM



Street Condition Assessment

Critical Condition



Questions?



Staff Report to the Honorable Mayor and City Council

Date: October 9, 2018

Agenda Item No: WORK SESSION - B.

I. Subject:

Discuss appointments to a Charter Amendment Committee

II. Originated by:

George Campbell, City Manager

III. Summary:

Discuss and provide staff direction regarding the appointment of members to serve on a committee to recommend amendment to the City Charter.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

VIII. Attachments:

Staff Report to the Honorable Mayor and City Council

Date: October 9, 2018

Agenda Item No: WORK SESSION - C.

I. Subject:

Conduct interviews of applicants for appointment to Advisory Boards and Commissions

II. Originated by:

Leslie Galloway, City Secretary & Communications Coordinator

III. Summary:

27 current members of various Advisory Boards and Commissions hold appointed positions that will expire in 2018. There are a total of 35 vacancies. A complete list of current board membership was provided to Council on October 5th. Additionally, the City has received applications from 16 persons seeking appointment but who are not currently serving on a board or commission. Attached are the applications of 4 such new applicants who have been scheduled for interviews on October 9th. Additional interviews can be scheduled pursuant to further direction of the City Council.

IV. Fiscal Impact Summary:

V. Legal Impact:

VI. Recommendation:

VII. Alternative Actions:

Provide direction as to additional interviews and/or a special meeting to conduct such interviews.

VIII. Attachments:

1.	10_09_01_TippeyDarold_CONF	10_09_01_TippeyDarold_CONF.pdf
2.	10_09_02_Brannon, Troy_CONF	10_09_02_Brannon, Troy_CONF.pdf
3.	10_09_03_RayAllen_CONF	10_09_03_RayAllen_CONF.pdf
4.	10_09_04_KobeckThelma_CONF	10_09_04_KobeckThelma_CONF.pdf
5.	Expiring Board Members and Applicants	Expiring Board Members and Applicants.pdf