

# NOTICE OF REGULAR MEETING

April 11, 2017

## MONTGOMERY CITY COUNCIL

STATE OF TEXAS

AGENDA

COUNTY OF MONTGOMERY

CITY OF MONTGOMERY

NOTICE IS HEREBY GIVEN that a Regular Meeting of the Montgomery City Council will be held on Tuesday, April 11, 2017 at 6:00 p.m. at the City of Montgomery City Hall, 101 Old Plantersville Road, Montgomery, Texas for the purpose of considering the following:

### CALL TO ORDER

### INVOCATION

### PLEDGE OF ALLEGIANCE TO FLAGS

### VISITOR/CITIZENS FORUM:

Any citizen with business not scheduled on the agenda may speak to the City Council. Prior to speaking, each speaker must be recognized by the Mayor. City Council may not discuss or take any action on an item, but may place the issue on a future agenda. The number of speakers along with the time allowed per speaker may be limited.

### CONSENT AGENDA:

1. Matters related to the approval of minutes for the Public Hearing and Regular Meeting held on March 28, 2017.
2. Matters related to the correction of a street name dedication from Washington to McWashington.
3. Consideration and possible action regarding authorization for Jones|Carter to do the following items:
  - a) Design Water Plant No. 3 Improvements Project;
  - b) Design SH 105 and FM 149 Waterline Replacement Project;
  - c) Design Lift Station No. 1 Replacement Project;
  - d) Design Lift Station No. 3 Force Main Re Route Project;
  - e) Design Flagship Boulevard Pavement Repairs Project; and
  - f) Advertise for bids for the Water Plant No. 2 Ground Storage Tank Backfill Project.

**CONSIDERATION AND POSSIBLE ACTION:**

4. Consideration and possible action regarding adoption of the following Ordinance:  
AN ORDINANCE AMENDING THE CODE OF ORDINANCES OF THE CITY OF MONTGOMERY, TEXAS, PROVIDING FOR THE INITIAL ZONING OF NEWLY ANNEXED PROPERTY AS PROVIDED IN CHAPTER 98 OF THE CODE OF ORDINANCES OF THE CITY OF MONTGOMERY, TEXAS; PROVIDING FOR THE CLASSIFICATION AND INCLUSION OF A CERTAIN TRACT OF LAND OF APPROXIMATELY 14.5003 ACRES WITHIN A ZONING DISTRICT AS DESCRIBED AND DEPICTED ON THE MAP OR PLAT OF SAME ATTACHED TO THIS ORDINANCE AS EXHIBIT "A"; PROVIDING FOR THE AMENDMENT OF THE OFFICIAL ZONING DISTRICT MAP OF THE CITY TO REFLECT THE ZONING CLASSIFICATION OF THE TRACT AS HEREIN PROVIDED; MAKING CERTAIN FINDINGS; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT HEREWITH; PROVIDING FOR SEVERABILITY; PROVIDING A TEXAS OPEN MEETINGS ACT CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE AFTER PUBLICATION. (KENROC PROPERTY)
  
5. Consideration and possible action regarding adoption of the following Ordinance:  
Ordinance Authorizing The Issuance Of City Of Montgomery, Texas, Tax And Surplus Revenue Certificates Of Obligation, Series 2017A; Levying a Tax and Pledging Surplus Revenues of the Water and Sewer System in Payment Thereof; and Enacting Other Provisions Relating Thereto.
  
6. Consideration and possible action regarding adoption of the following Ordinance:  
Ordinance Authorizing the Issuance of City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017B; Levying a Tax and Pledging Surplus Revenues of the Water and Sewer System in Payment Thereof; And Enacting Other Provisions Relating Thereto.
  
7. Consideration and possible action regarding adoption of the following Ordinance:  
ORDINANCE OF THE CITY OF MONTGOMERY, TEXAS SUSPENDING THE RATES PROPOSED BY CENTERPOINT ENERGY RESOURCES CORP., d/b/a CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS ("CENTERPOINT" OR "COMPANY") COMPANY'S GAS RELIABILITY INFRASTRUCTURE PROGRAM ("GRIP") FILING MADE WITH THE CITY ON MARCH 30, 2017; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT, AND DECLARING AN EFFECTIVE DATE

8. Consideration and possible action regarding scheduling a Public Hearing regarding an Alcohol Beverage Permit Application for Stoney's Liquor - Montgomery, located in Buffalo Springs Marketplace, 20212 Eva Street, Suite 240, Montgomery, on SH 105 at Lone Star Parkway, for a Package Store Permit, Beer Retail Dealer's Off-Premise License, Local Distributor's Permit and Package Store Tasting Permit to be held on April 25, 2017 at 6:00 p.m.
9. Consideration and possible action regarding scheduling a Public Hearing regarding an Alcohol Beverage Permit Application for The Kroger Company, located at 20168 Eva Street, Montgomery for a Wine and Beer Retailer's Off-Premise Permit to be held on April 25, 2017 at 6:00 p.m.
10. Consideration and possible action regarding the Utility and Economic Feasibility Study for The Shoppes at Montgomery prepared by Jones|Carter.

**EXECUTIVE SESSION:**

The City Council reserves the right to discuss any of the items listed specifically under this heading or for any items listed above in executive closed session as permitted by law including if they meet the qualifications in Sections 551.071(consultation with attorney), 551.072 (deliberation regarding real property), 551.073 (deliberation regarding gifts), 551.074 (personnel matters), 551.076 (deliberation regarding security devices), and 551.087 (deliberation regarding economic development negotiations) of Chapter 551 of the Government Code of the State of Texas. *(There are no items at this time.)*

**COUNCIL INQUIRY:**

Pursuant to Texas Government Code Sect. 551.042 the Mayor and Council Members may inquire about a subject not specifically listed on this Agenda. Responses are limited to recitation of existing policy or a statement of specific factual information given in response to the inquiry. Any deliberation or decision shall be limited to a proposal to place on the agenda of a future meeting.

**ADJOURNMENT**



*Susan Hensley*  
Susan Hensley, City Secretary

I certify that the attached notice of meeting was posted on the bulletin board at City of Montgomery City Hall, 101 Old Plantersville Road, Montgomery, Texas, on the 7<sup>th</sup> day of April 2017 at 4:20 o'clock p.m. I further certify that the following news media was notified of this meeting as stated above: The Courier

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*This facility is wheelchair accessible and accessible parking spaces are available. Please contact the City Secretary's office at 936-597-6434 for further information or for special accommodations.*

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**MEMORANDUM**

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**TO:** MAYOR AND MEMBERS OF CITY COUNCIL  
**FROM:** SUSAN HENSLEY, CITY SECRETARY *Sh*  
**SUBJECT:** MARCH 28, 2017 CITY COUNCIL MINUTES  
**DATE:** APRIL 7, 2017

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The minutes have been delayed due to illness and being short staffed at City Hall. I am working on getting them completed in time for you to review them prior to the meeting. If I am not able to get them done in time, I will request that you table their approval until the next meeting.

I apologize for the inconvenience.



Montgomery City Council  
**AGENDA REPORT**

ITEM# 2

<b>Meeting Date: April 11, 2017</b>	<b>Budgeted Amount:</b>
<b>Department:</b>	
<b>Prepared By: Jack Yates City Administrator</b>	<b>Exhibits:</b> Invitation to dedication of new street names
<b>Date Prepared: April 7, 2017</b>	

**Subject**

This is a correction to a previous Council action to name the street leading to the football stadium as “Washington Street” to the correct name of “McWashington Street”.

**Discussion**

The need for the correction was noticed in anticipation of a street sign unveiling ceremony planned for April 29<sup>th</sup>. In the process of inviting the correct person to the ceremony, it was determined that the educator for which the street is named is 1) still alive and lives on Community Ctr. Drive and 2) that is correct name is “McWashington” not “Washington”.

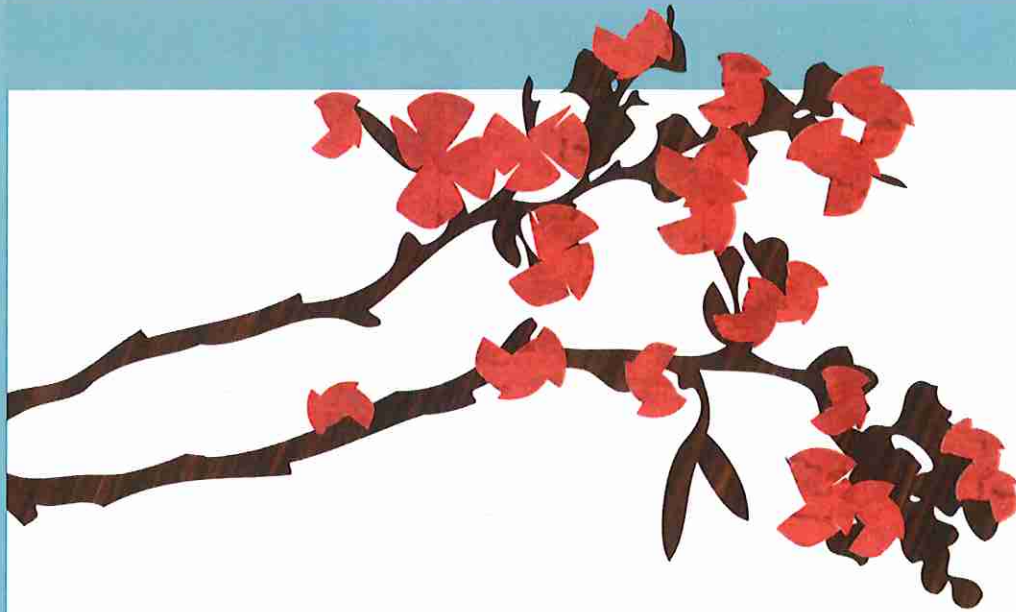
Worth mentioning in this discussion, is a intention to have a ceremony at 10:30 AM on Saturday, April 29<sup>th</sup> to unveil the street names for Giesinger Street and McWashington Street- both of which are across from the Montgomery High School. At the ceremony a brief biography of Mrs. Giesinger and Mr. McWashington will be read and a veil removed from the street name sign. Both families plan on being present for the ceremony.

**Recomendation**

Changed the name from Washington Street to McWashington Street.  
Also, acknowledge to me that you agree to the April 9<sup>th</sup> ceremony.

**Approved By**

City Administrator	Jack Yates	Date: April 7, 2017
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PLEASE ACCEPT OUR INVITATION TO  
ATTEND THE DEDICATION OF THE  
FOLLOWING NEW STREETS IN HONOR  
OF MRS. IMOGENE GIESINGER AND  
MR. TIMOTHY MC WASHINGTON :

**GIESINGER ST. &  
MC WASHINGTON ST.**

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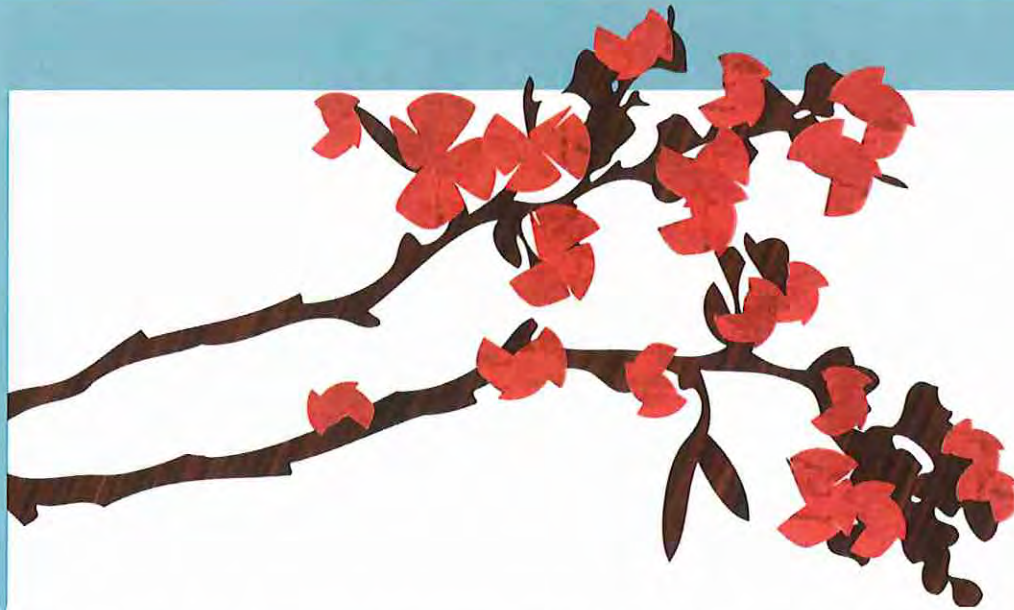
**SATURDAY ~ APRIL 29, 2017**

**10:30 – 11:30**

GIESINGER ST. / McWASHINGTON ST.  
MONTGOMERY, TX.

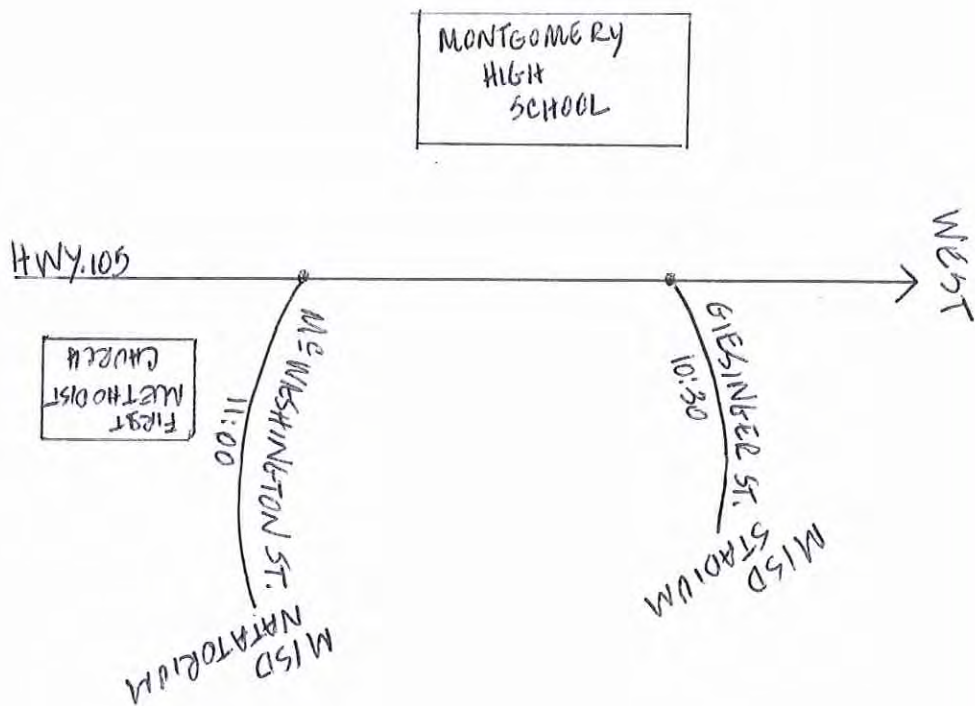
LOCATED WEST OF THE UNITED METHODIST CHURCH ON  
HWY. 105 (MAP ATTACHED)

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FOR MORE INFORMATION CONTACT: JACK YATES ~ 936-597-6434

MAP:



Montgomery City Council  
**AGENDA REPORT**

ITEM# 3

<b>Meeting Date: April 11, 2017</b>	<b>Budgeted Amount:</b>
<b>Department:</b>	
<b>Prepared By: Jack Yates City Administrator</b>	<b>Exhibits: Memo from City Engineer</b>
<b>Date Prepared: April 7, 2017</b>	

**Subject**

This is to approval for design and bid preparation for already approved TWDB projects.

**Discussion**

The projects listed in “a” through “d” have been approved by the Council several times through the Texas Water Development Board funding process. This will be funded by the TWDB project funds  
Item “e” regarding Flagship Boulevard repairs has also been discussed as part of the FEMA approved projects. This will be funded by FEMA funds.  
Item “f” regarding Water Plant #2 Ground Storage Tank Backfill project has also been discussed several times, although not recently. This will be funded by the Utility Fund funds.  
That is the reason these are on the Consent Agenda.  
An important item on this includes the schedule for completion of the “a – d” projects that the engineer says in his memo will have a schedule for completion of these project as the April 25<sup>th</sup> Council meeting.

**Recomendation**

Approve this as part of the consent agenda so that the engineer can start his work.





8701 New Trails Drive, Suite 200  
The Woodlands, Texas 77381-4241  
Tel: 281.363.4039  
Fax: 281.363.3459  
[www.jonescarter.com](http://www.jonescarter.com)

April 6, 2017

The Honorable Mayor and City Council  
City of Montgomery  
101 Old Plantersville Road  
Montgomery, Texas 77316

Re: Texas Water Development Board  
Water and Wastewater System Improvements Projects

Dear Mayor and Council:

As you are aware, on March 9, 2017 the Texas Water Development Board ("TWDB") approved the City's applications for funding of water and wastewater projects through the Clean Water State Revolving Fund and Drinking Water State Revolving Fund. The projected closing date for the loans is in early June 2017. In order to expedite the projects, we request your authorization to proceed with the preparation of an updated cost estimate and schedule, engineered drawings, technical specifications, and bid documents for all projects included in the TWDB applications. The projects include:

- Water Plant No. 3 Improvements
- SH 105 and FM 149 Waterline Replacement
- Lift Station No. 1 Replacement
- Lift Station No. 3 Force Main Re Route

Subject to approval by the City Council, we expect to present updated cost estimates and schedules at the April 25, 2017 meeting of the City Council.

As always, should you have any questions or need any additional information, please do not hesitate to contact Chris Roznovsky or myself.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ed Shackelford', written over a light blue circular stamp.

Ed Shackelford, PE  
Engineer for the City

EHS/cvr

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Enc: N/A

cc: Mr. Jack Yates – City of Montgomery, City Administrator  
Ms. Susan Hensley – City of Montgomery, City Secretary  
Mr. Larry Foerster – Darden, Fowler & Creighton, LLP, City Attorney





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April 6, 2017

The Honorable Mayor and City Council  
City of Montgomery  
101 Old Plantersville Road  
Montgomery, Texas 77316

Re: Flagship Boulevard Pavement Repair and Replacement

Dear Mayor and Council:

As you are aware, during the extreme rain events in May 2016 Flagship Boulevard was damaged due to being submerged under water for two days and the failure of the underground storm sewer. The storm sewer was repaired last year but a permanent repair to the pavement was delayed until this summer to minimize the impact on the Montgomery ISD traffic. As a reminder, this project is being partially paid for by FEMA. We request your authorization to proceed with the preparation of engineered drawings, technical specifications, and bid documents for the Flagship Boulevard Pavement Repair and Replacement project.

As always, should you have any questions or need any additional information, please do not hesitate to contact Chris Roznovsky or myself.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ed Shackelford', written in a cursive style.

Ed Shackelford, PE  
Engineer for the City

EHS/cvr

P:\PROJECTS\W5841 - City of Montgomery\W5841-0900-00 General Consultation\2017\Letters\MEMO to Council RE Villas of Mia Lago Agreement.doc

Enc: N/A

cc: Mr. Jack Yates – City of Montgomery, City Administrator  
Ms. Susan Hensley – City of Montgomery, City Secretary  
Mr. Larry Foerster – Darden, Fowler & Creighton, LLP, City Attorney



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April 6, 2017

The Honorable Mayor and City Council  
City of Montgomery  
101 Old Plantersville Road  
Montgomery, Texas 77316

Re: Water Plant No. 2 Ground Storage Tank Backfill Connection

Dear Mayor and Council:

As a reminder, construction drawings for the Water Plant No. 2 Ground Storage Tank Backfill Connection were approved by the TCEQ on May 19, 2016. The project is complete and ready to be advertised for bids. This project includes the installation of additional piping, valves, and electrical controls to backfill the ground storage tank at Water Plant No. 2 from the existing distribution system. As a reminder, this project was identified in the 2015 Water System Analysis and Master Plan as a priority project to improve the stability of the water system pressures on the west side of the City. This project also allows the City to utilize the Water Plant No. 2 facilities while the existing water well at this water plant is out of service. Additionally, this project give the City the ability to increase the usage of the Catahoula well to assist the City in meeting its Lone Star Ground Water Conservation District ground water reduction plan requirements.

This project is not included in the funding from the Texas Water Development Board however it is our understanding the City has funds allocated for this project. The estimated project cost including construction and contingencies is approximately \$120,000. We request your authorization to proceed advertising the project for bids.

As always, should you have any questions or need any additional information, please do not hesitate to contact Chris Roznovsky or myself.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Ed Shackelford', with a long, sweeping underline.

Ed Shackelford, PE  
Engineer for the City

EHS/cvr

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Enc: N/A

cc: Mr. Jack Yates – City of Montgomery, City Administrator  
Ms. Susan Hensley – City of Montgomery, City Secretary  
Mr. Larry Foerster – Darden, Fowler & Creighton, LLP, City Attorney

Montgomery City Council  
**AGENDA REPORT**

ITEM# 4

<b>Meeting Date: April 11, 2017</b>	<b>Budgeted Amount:</b>
<b>Department:</b>	
<b>Prepared By: Jack Yates City Administrator</b>	<b>Exhibits: Ordinance zoning KENROCK 14, LLC property</b>
<b>Date Prepared: April 7, 2017</b>	

**Subject**

This is to zone the newly annexed 14.5003 acre tract of land, located immediately south of Estates of Mia Lago.

**Discussion**

There was no public comment in previous public hearing regarding this property zoning. The public notices said that the proposed zoning was commercial. The Planning Commission has reviewed and recommends "B" Commercial zoning.

**Recommendation**

Adopt the ordinance as presented.

**Approved By**

City Administrator

Jack Yates

Date: April 7, 2017

Motion was made by \_\_\_\_\_, seconded by \_\_\_\_\_,  
and passed by a \_\_\_\_\_ to \_\_\_\_\_ vote that the following Ordinance be passed:

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

**AN ORDINANCE AMENDING THE CODE OF ORDINANCES OF THE CITY OF MONTGOMERY, TEXAS, PROVIDING FOR THE INITIAL ZONING OF NEWLY ANNEXED PROPERTY AS PROVIDED IN CHAPTER 98 OF THE CODE OF ORDINANCES OF THE CITY OF MONTGOMERY, TEXAS; PROVIDING FOR THE CLASSIFICATION AND INCLUSION OF A CERTAIN TRACT OF LAND OF APPROXIMATELY 14.5003 ACRES WITHIN A ZONING DISTRICT AS DESCRIBED AND DEPICTED ON THE MAP OR PLAT OF SAME ATTACHED TO THIS ORDINANCE AS EXHIBIT "A"; PROVIDING FOR THE AMENDMENT OF THE OFFICIAL ZONING DISTRICT MAP OF THE CITY TO REFLECT THE ZONING CLASSIFICATION OF THE TRACT AS HEREIN PROVIDED; MAKING CERTAIN FINDINGS; REPEALING ALL ORDINANCES OR PARTS OF ORDINANCES INCONSISTENT OR IN CONFLICT HEREWITH; PROVIDING FOR SEVERABILITY; PROVIDING A TEXAS OPEN MEETINGS ACT CLAUSE; AND PROVIDING FOR AN EFFECTIVE DATE AFTER PUBLICATION.**

**WHEREAS**, pursuant to Ordinance No. 2017-09, passed on March 14, 2017, the City annexed into its corporate limits a parcel of land of approximately 14.5003 acres, which land is described by and bounds in Exhibit "A" attached hereto ("Annexed Area").

**WHEREAS**, the City of Montgomery is located in rapidly growing Montgomery County, Texas, an area with increasing economic diversity, burgeoning population growth, and significant residential and commercial development, and the City is proactively addressing the challenge of maintaining a proper balance and integration of residential and commercial uses, and their needs for public services; and

**WHEREAS**, the Planning and Zoning Commission and City Council of the City (the "City") have reviewed that portion of the newly Annexed Area and the needs of the community, the character of each zoning district and its particular suitability for particular uses, with a view of conserving the value of building and encouraging the most appropriate use of land in the City, and has given reasonable consideration to permanently zoning the newly Annexed Area in order to protect and enhance the value of property, lessen congestion in the streets, secure safety from fire, panic, and other dangers, promote health and the general welfare, provide adequate light and air, prevent overcrowding of land, avoid undue concentration of population, and facilitate the adequate provision of transportation, water, sewer, parks, and other public requirements; and

**WHEREAS**, the matter was referred to the City of Montgomery Planning and Zoning Commission for consideration and recommendation, and the Planning and Zoning Commission, after due notice

and public hearing, did consider and make a recommendation on the initial zoning classification of the newly Annexed Area; and

**WHEREAS**, the City Secretary caused to be issued and published the notices of public hearing required by the City of Montgomery Zoning Ordinance (the "Zoning Ordinance") found in Chapter 98 of the City Code of Ordinances and of the laws of the State of Texas applicable thereto; and

**WHEREAS**, the City has conducted public hearings in the time and manner and after the notice required by law and the Zoning Ordinance of the City on such classification; and

**WHEREAS**, the City Council, now deems it appropriate to establish a permanent zoning classification for that referenced tract in the Annexed Area.

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

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

**SECTION 2. Zoning Classification.** The zoning classification of that certain tract of land, described below, situated within the corporate limits of the City of Montgomery, Montgomery County, Texas, are hereby classified, as stated below and as shown upon the map attached hereto:

- (1) The tract or parcel of approximately 14.5003 acres of land in the JOHN H. CORNER Survey, Abstract No. 8, described in Exhibit "A" attached hereto and incorporated herein by reference for all purposes, are hereby designated the zoning classification of "B Commercial."

**SECTION 3.** The official zoning district map of the City of Montgomery shall be revised and amended as set forth above to show the zoning district designation for the tract described in Exhibits "A."

**SECTION 4. Repeal of Conflicting Ordinances.** All provisions of the ordinances of the City of Montgomery in conflict with the provisions of this Ordinance are hereby repealed, and all other provisions of the Ordinances of the City of Montgomery not in conflict with the provisions of this Ordinance shall remain in full force and effect.

**SECTION 5. Severability Clause.** If any provision, section, subsection, sentence, paragraph, sentence, clause or phrase of this Ordinance or the application of same to any person or set of circumstances, shall for any reason be held to be unconstitutional, void, or invalid or otherwise unenforceable, the invalidity or unenforceability shall not affect other provisions of this Ordinance or their application to other sets of circumstances and to this end all provisions of this Ordinance are declared to be severable.



**SECTION 6. Texas Open Meetings Clause.** It is hereby officially found and determined that the meeting at which this Ordinance was considered was open to the public as required and that the public notice of the time, place, and purpose of said meeting was given as required by the Open Meetings Act, Chapter 551 of the Texas Government Code.

**SECTION 7. Effective Date.** This Ordinance shall become effective and be in full force after publication as required by law.

PASSED AND APPROVED this \_\_\_\_\_ day of April 2017.

\_\_\_\_\_  
Kirk Jones, Mayor

ATTEST:

\_\_\_\_\_  
Susan Hensley, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Larry L. Foerster, City Attorney

EXHIBIT "A"

**METES AND BOUNDS DESCRIPTION**

Being 14.5003 acres (631,632 Square Feet) of land including all of a called 14.498 acres (631,525 Square Feet) of land conveyed to KENROC FOURTEEN LLC, a Texas limited liability company by a deed dated March 9, 2016 and recorded under C.F. No. 2016020050, as recorded in the Real Property Records of Montgomery County, Texas (R.P.R.M.C.), with said 14.5003 Acre Tract lying in the JOHN H. CORNER Survey, Abstract No. 8, near Montgomery, Montgomery County Texas, being more particularly described by metes and bounds as follows;

BEGINNING at a point in the East Right-of Way line of LONE STAR PARKWAY (a Variable Width R.O.W., M.C.C.F. 2004-134117, R.P.R.M.C.), from which a 5/8-inch iron rod with a cap bears SOUTH 66°28'57" EAST - 0.24', also being the Southwest corner of that certain 5.4577 Acre Tract of land conveyed from L C ACQUISITIONS, LTD to ESTATES OF MIA LAGO, LTD. by a deed dated August 31, 2007 and recorded under Clerk's File No. 2007-104141, R.P.R.M.C.;

THENCE, departing the East Right-of Way line of LONE STAR PARKWAY in a Northeasterly direction along the Southeast line of said 5.4577 Acre Tract of land, same being the meanders of the centerline of STEWART CREEK the following courses and distances:

South 85°22'33" East, 45.56 feet to a point for a corner;

North 49°38'59" East, 125.44 feet to a point for a corner;

North 9°26'11" West, 28.68 feet to a point for a corner;

North 3°32'59" East, 25.96 feet to a point for a corner;

North 11°35'55" East, 105.53 feet to a point for a corner;

North 81°03'36" East, 113.97 feet to a point for a corner;

THENCE, North 89°13'53" East, passing a point at a distance of 51.56 feet for the Southwest corner of Lot 1, Block 2 of ESTATES OF MIA LAGO, SECTION ONE, according to the map or plat thereof recorded in Cabinet Z, Sheet 1130, of the Map Records of Montgomery County, Texas (M.C.M.R.), for a total of 105.16 feet to a point in the south line of said Lot 1 for a corner;

THENCE, continuing along the meanders of the centerline of STEWART CREEK the following courses and distances:

South 33°05'24" East, 41.47 feet to a point for a corner;

South 14°24'36" East, 59.48 feet to a point for a corner;

North 88°39'01" East, 98.57 feet to a point for a corner;

THENCE, North 21°40'18" East, 148.30 feet to a point for a corner, also being the Southwest corner of Lot 2, Block 2 of ESTATES OF MIA LAGO, SECTION ONE;

THENCE, North 66°19'58" East, 68.93 feet, continuing along the meanders of the centerline of STEWART CREEK to a point for a corner;

THENCE, South 86°28'39" East, 115.55 feet to a point for a corner, also being a Southeast corner of Lot 2, Block 2 of ESTATES OF MIA LAGO, SECTION ONE;

THENCE, continuing along the meanders of the centerline of STEWART CREEK the following courses and distances:

South 53°16'48" East, 85.84 feet to a point for a corner;

THENCE, North 17°27'29" West, 106.87 feet to a point for a corner, also being an interior corner of Lot 3, Block 2 of ESTATES OF MIA LAGO, SECTION ONE;

THENCE, along the West line of Lots 24-29, Block 1 of STEWART CREEK FARMS REPLAT, SECTION ONE, according to the map or plat thereof recorded in Cabinet Z, Sheet 1, M.C.M.R., same being the meanders of the centerline of STEWART CREEK the following courses and distances:

South 48°16'39" East, 80.52 feet to a point for a corner;

South 53°46'23" East, 43.76 feet to a point for a corner;

South 17°52'51" East, 33.34 feet to a point for a corner;

South 27°30'33" East, 33.19 feet to a point for a corner;

South 20°04'55" East, 44.34 feet to a point for a corner;  
South 44°23'35" West, 25.13 feet to a point for a corner;  
South 34°37'19" West, 42.98 feet to a point for a corner;  
South 25°14'22" East, 46.82 feet to a point for a corner;  
South 31°04'40" East, 29.87 feet to a point for a corner;  
South 31°18'50" East, 48.19 feet to a point for a corner;  
South 46°40'38" East, 27.15 feet to a point for a corner;  
South 26°25'00" East, 28.71 feet to a point for a corner;  
South 20°17'20" East, 80.53 feet to a point for a corner;  
South 32°17'34" East, 39.73 feet to a point for a corner;  
South 9°13'09" West, 32.17 feet to a point for a corner;  
South 36°37'57" East, 29.64 feet to a point for a corner;  
South 36°13'13" East, 35.35 feet to a point for a corner;  
South 57°01'30" East, 12.63 feet to a point for a corner;  
South 24°20'14" East, 38.60 feet to a point for a corner;  
South 27°43'38" West, 52.77 feet to a point for a corner;  
South 68°47'11" West, 54.23 feet to a point for a corner;  
North 81°11'20" West, 28.16 feet to a point for a corner;  
South 60°20'42" West, 26.16 feet to a point for a corner;  
South 33°33'10" West, 48.71 feet to a point for a corner;  
South 23°13'53" East, 29.35 feet to a point for a corner;  
South 27°38'51" East, 14.47 feet to a point for a corner;  
South 27°36'43" East, 47.98 feet along the meanders of the centerline of a gully to a point for a corner;

THENCE, South 11°34'29" East, 54.75 feet to a point for a corner, also being the Southeast corner of that certain 14.498 Acres conveyed to KENROC FOURTEEN LLC, a Texas limited liability company by General Warranty Deed dated March 7, 2016 and recorded under Clerk's File Number 2016020050, R.P.R.M.C.;

THENCE, departing the gully centerline, North 79°39'45" West, 1085.07 feet along the North line of a called 6.202 acres (270,165 Square Feet) of land conveyed to KENROC SIX LLC, a Texas limited liability company by a deed dated March 9, 2016 and recorded under County Clerk's File Number (C.F. No.) 2016020049 as recorded in the Real Property Records of Montgomery County, Texas (R.P.R.M.C.) to a point in the East Right-of-Way line of said LONE STAR PARKWAY from which a found 5/8-inch iron rod with cap bears South 65°00'14" East, 0.34 feet, also being the Southwest corner of that certain 14.498 Acres conveyed to said KENROC FOURTEEN LLC;

THENCE, North 22°10'39" East, 129.55 feet along the East Right-of-Way line of LONE STAR PARKWAY and the West line of said 14.498 Acres to a point from which a found 5/8-inch iron rod with cap bears South 89°16'47" East, 0.27 feet;

THENCE along the East Right-of-Way line of LONE STAR PARKWAY, along an arc curving to the left with a radius of 2,165.02 feet, an arc length of 192.24 feet, through a delta of 05°05'15", and a chord bearing North 12° 11' 30" East, 192.18 feet to the POINT OF BEGINNING, and containing a computed 14.5003 acres (631,632 square feet) of land.

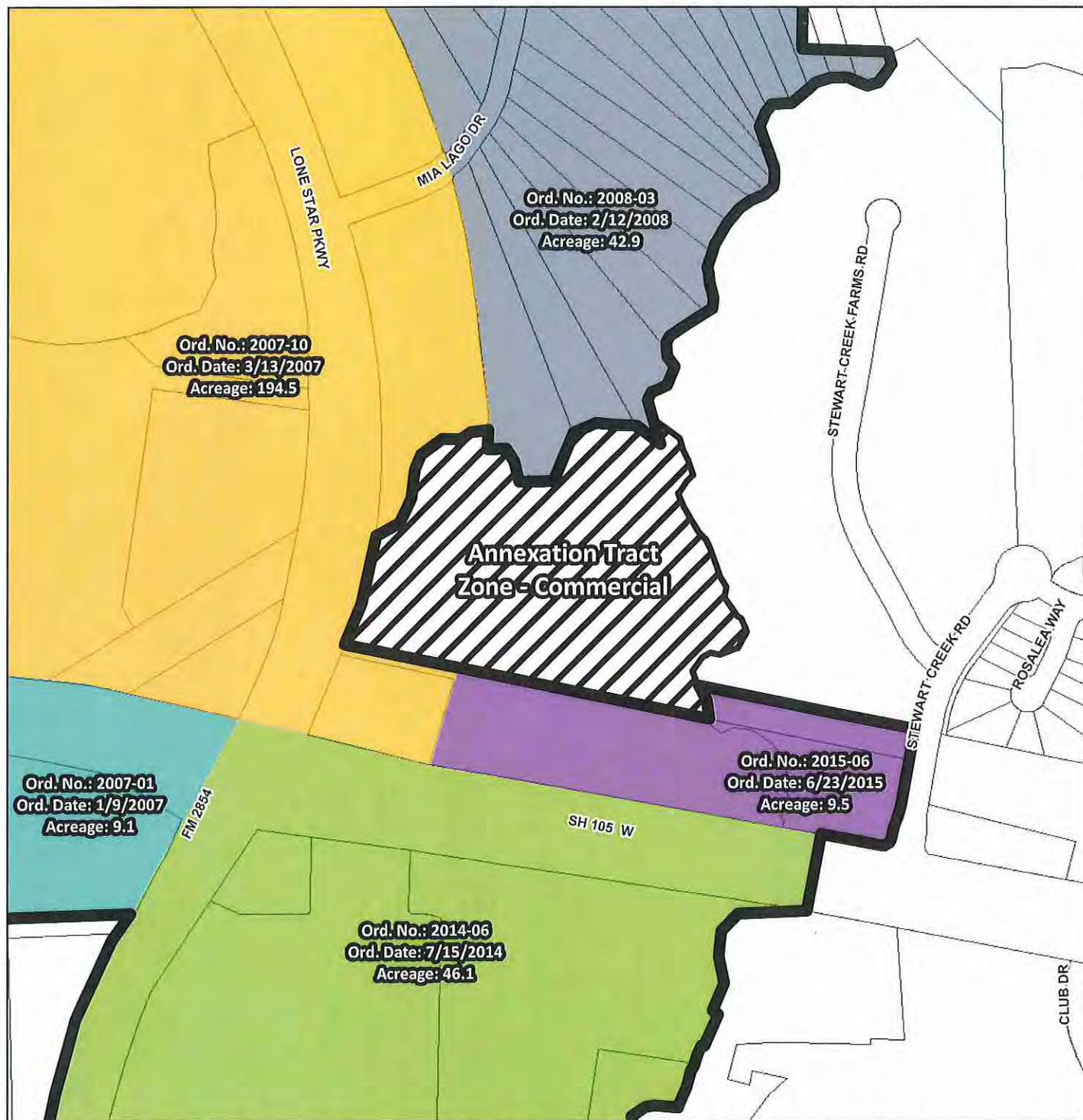


L. Shayne Thatcher, R.P.L.S. #4544  
Town and Country Surveyors  
- A Landpoint Company  
2219 Sawdust Road, Ste. 2003  
The Woodlands, Texas 77380  
TBPLS Registration No. 10194172  
Tele # (281) 465-8730  
Job No. 16-1209





# EXHIBIT A - ANNEXATION and ZONING LAYOUT



1 inch equals 400 feet

Disclaimer: This product is offered for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property, governmental and/or political boundaries or related facilities to said boundary. No express warranties are made by Jones & Carter, Inc. concerning the accuracy, completeness, reliability, or usability of the information included within this exhibit.



**JONES CARTER**

Texas Board of Professional Engineers Registration No. F 439



**CITY OF MONTGOMERY**  
MONTGOMRY COUNTY, TEXAS

LEGEND

- Annexation Tract
- City Limits
- MCAD Parcel



**VICINITY MAP**

Scale: 1 inch equals 50 miles

Montgomery City Council  
AGENDA REPORT

ITEM# 5

<b>Meeting Date:</b> April 11, 2017	<b>Budgeted Amount:</b>
<b>Department:</b>	
<b>Prepared By:</b> Jack Yates City Administrator	<b>Exhibits:</b> Ordinance <i>Private Placement</i>
<b>Date Prepared:</b> April 7, 2017	<i>Memorandum, Escrow Agreement</i>

*Paying Agent Agreement, Bond Counsel Opinion,  
General Certificate, AG/Comptroller Letter*

**Subject**

This is to adopt an ordinance in order to borrow funds from the TWDB as Certificates of Obligation

**Discussion**

The Bond Attorney, Jonathon Frels wrote the following explanation of this item:

**Ordinance Authorizing The Issuance Of City Of Montgomery, Texas, Tax and Surplus Revenue Certificates Of Obligation, Series 2017A; Levying a Tax and Pledging Surplus Revenues of the Water and Sewer System in Payment Thereof; and Enacting Other Provisions Relating Thereto (the "Series 2017A Ordinance")**

The Series 2017A Ordinance contains the terms and conditions for the City's loan from the Texas Water Development Board for following projects: improvements to the City's sanitary sewer system, including the construction of improvements to and the expansion and equipment of Lift Station No. 1, the construction of improvements to and relocation of the force main for Lift Station No. 3, the replacement of existing lift pumps, and the costs of professional services incurred in connection therewith (collectively, the "Project").

The Series 2017A Ordinance approves the sale of \$1,090,000 of Certificates of Obligation to the Texas Water Development Board to evidence the loan for the Project. The Series 2017A ordinance also accomplishes the following in connection with finalizing the loan: (i) the pledge and levy of an ad valorem tax and the pledge of surplus revenues of the City's water and sewer system in payment of the obligations, (ii) the approval of a Paying Agent/Registrar Agreement with BOK Financial; (iii) the approval of an Escrow Agreement with BOK Financial, who will hold the certificate proceeds and release them in connection with the draw schedules approved by the TWDB, (iv) the approval of a private placement memorandum describing the transaction, and (v) the approval of a continuing disclosure undertaking requiring the filing of annual financial and operating information of the City and notices of specified events.

*Escrow Agent Certificate  
Federal Tax Certificate  
Notice of Intent, Timetable*

Montgomery City Council  
**AGENDA REPORT**

The adoption of the Series 2017A Ordinance is required as part of the process of borrowing funds from the TWDB. Following the approval of the Series 2017A Ordinance, bond counsel will submit a transcript of proceedings to the Office of the Attorney General for review and approval. The financial advisor and bond counsel will also work with the transaction parties to satisfy the conditions for closing and delivery of funds on May 11.

Mr. Frels will be present at the meeting.

**Recomendation**

Approve the ordinance as presented.

**Approved By**

City Administrator

Jack Yates

Date: April 7, 2017

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

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF MONTGOMERY, TEXAS, TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017B; AUTHORIZING EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT RELATING TO SUCH CERTIFICATES; PRESCRIBING THE FORM OF SAID CERTIFICATES; LEVYING A TAX AND PLEDGING SURPLUS REVENUES OF THE WATER AND SEWER SYSTEM IN PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO

THE STATE OF TEXAS           §  
COUNTY OF MONTGOMERY   §  
CITY OF MONTGOMERY       §

WHEREAS, the City Council of the City of Montgomery, Texas (the "City"), authorized the publication of a notice of intention to issue certificates of obligation to the effect that the City Council would meet on March 28, 2017 to adopt an ordinance and take such other action as may be deemed necessary to authorize the issuance of certificates of obligation payable from City ad valorem taxes and from a pledge of and lien on the surplus revenues of the City's water and sewer system, for the purpose of evidencing the indebtedness of the City for all or any part of the costs associated with the construction and equipment of wastewater system improvements and the cost of professional services incurred in connection therewith; and

WHEREAS, such notice was published at the times and in the manner required by the Constitution and laws of the State of Texas, particularly Subchapter C, Chapter 271, Texas Local Government Code, as amended; and

WHEREAS, at the meeting on March 28, 2017, which was open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, the City Council adopted a motion to postpone the adoption of the ordinance authorizing the issuance of certificates of obligation until April 11, 2017; and

WHEREAS, no petition or other request has been filed with or presented to any official of the City requesting that any of the proceedings authorizing such Certificates be submitted to a referendum or other election; and

WHEREAS, the City is authorized to make the pledge of Surplus Revenues (as defined herein) pursuant to Chapter 1502, Texas Government Code; and

WHEREAS, the City is now authorized and empowered to proceed with the issuance and sale of the Certificates, and has found and determined that it is necessary and in the best interests of the City and its citizens that it issue the Certificates in accordance with the terms and provisions of this Ordinance; and

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

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

1. Recitals. It is hereby found and determined that the matters and facts set out in the preamble to this Ordinance are true and correct and incorporated herein for all purposes.

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

“Act” means Chapter 271, Texas Local Government Code, as amended.

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

“Blanket Issuer Letter of Representations” means the Blanket Issuer Letter of Representations between the City, the Paying Agent/Registrar and DTC.

“Bond Counsel” means Bracewell LLP.

“Business Day” means any day which is not a Saturday, Sunday, or a day on which the Paying Agent/Registrar is authorized by law or executive order to close, or a legal holiday.

“Certificate” or “Certificates” means the City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017B authorized in this Ordinance, unless the context clearly indicates otherwise.

“City” means the City of Montgomery, Texas.

“Code” means the Internal Revenue Code of 1986, as amended.

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

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

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

“Escrow Agent” means BOK Financial, Austin, Texas, and its successors and assigns, or such other escrow agent as may be approved by the Mayor or Mayor Pro Tem and acceptable to the TWDB.



“Escrow Agreement” means the escrow agreement by and between the City and the Escrow Agent pertaining to the deposit of the proceeds of the Certificates.

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

“Initial Certificate” means the Initial Certificate authorized by Section 6(d) of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund for payment of the Certificates established by the City in Section 18 of this Ordinance.

“Interest Payment Date”, when used in connection with any Certificate, means September 1, 2017 and each March 1 and September 1 thereafter until maturity.

“Issuance Date”, with respect to the Certificates initially delivered to the TWDB, shall mean the date on which each such Certificate is authenticated by the Paying Agent/Registrar and delivered to and paid for by the TWDB. Certificates delivered on transfer of or in exchange for other Certificates shall bear the same Issuance Date as the Certificate or Certificates in lieu of or in exchange for which the new Certificate is delivered.

“MSRB” means the Municipal Securities Rulemaking Board.

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

“Owner” means any person who shall be the registered owner of any outstanding Certificate.

“Paying Agent/Registrar” means BOK Financial, Austin, Texas, and its successors in that capacity.

“Project” means the improvements to the City’s water system, including the construction of improvements to and the expansion and equipment of Water Plant No. 3, the construction of improvements to and the expansion and replacement of water distribution lines, and the costs of professional services incurred in connection therewith.

“Project Fund” shall mean the project fund established by the City pursuant to Section 27 of this Ordinance.

“Record Date” means, for any Interest Payment Date, the fifteenth day of the month next preceding such Interest Payment Date.

“Register” means the books of registration kept by the Paying Agent/Registrar in which are maintained the names and addresses of and the principal amounts registered to each Owner.

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

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

“Surplus Revenues” means the revenues available after the payment of operation and maintenance expenses of the System and the debt service payable from gross revenues or net revenues of the System, if any, as well as any other payments, costs or expenses designated in an ordinance authorizing the issuance of System revenue obligations.

“System” means the City’s water and sewer system.

“TWDB” means the Texas Water Development Board.

3. Authorization. The Certificates shall be issued pursuant to the Act in fully registered form, without coupons, in the total authorized principal amount of \$1,730,000 for the purpose of evidencing the indebtedness of the City for all or any part of the costs associated with the Project.

4. Designation and Date. The Certificates shall be designated as the “CITY OF MONTGOMERY, TEXAS, TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017B,” and shall be dated May 1, 2017. The Certificates shall bear interest at the rates set out in Section 5 of this Ordinance, from the later of the Issuance Date or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months.

5. Initial Certificates; Numbers and Denominations. The Certificates shall be issued in the principal amounts and bearing interest at the rates set forth in the following schedule, and may be transferred and exchanged as set out in this Ordinance. The Certificates shall mature on March 1 in each of the years and in the amounts set out in such schedule. The Initial Certificate shall be numbered I-1 and all other Certificates shall be numbered in sequence beginning with R-1. Certificates delivered on transfer of or in exchange for other Certificates shall be numbered in order of their authentication by the Paying Agent/Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Certificate or Certificates in lieu of which they are delivered.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 90,000		2028	\$ 90,000	
2019	90,000		2029	90,000	
2020	90,000		2030	90,000	
2021	85,000		2031	90,000	
2022	90,000		2032	95,000	
2023	90,000		2033	95,000	
2024	90,000		2034	95,000	
2025	90,000		2035	95,000	
2026	90,000		2036	95,000	
2027	90,000				

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

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

(c) Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Paying Agent/Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. In lieu of the executed Registrar's Authentication Certificate described above, the Initial Certificate delivered at the Issuance Date shall have attached hereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his duly authorized agent, which certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) On the Issuance Date, the Initial Certificate, being a single certificate representing the entire principal amount of the Certificates, payable in stated installments to the TWDB or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro Tem and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the TWDB or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver definitive Certificates to DTC.

7. Payment of Principal and Interest. The Paying Agent/Registrar is hereby appointed as the initial paying agent for the Certificates. The principal of the Certificates shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they become due and payable at the principal payment office of the Paying Agent/Registrar in Austin, Texas. The interest on each Certificate shall be payable by check mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register; provided, however, that for so long as the TWDB is the Owner of the Certificates, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB.

If the date for payment of the principal or interest on any Certificate is not a Business Day, then the date for such payment shall be the next succeeding Business Day, with the same force and effect as if made on the original date payment was due.

8. Successor Paying Agent/Registrars. The City covenants that at all times while any Certificates are outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any which is duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. The City reserves the right to change the Paying Agent/Registrar on not less than 45 days written notice to the Paying Agent/Registrar, so long as any such notice is effective not less than 45 days prior to the next succeeding principal or interest payment date on the Certificates. Promptly upon the appointment of any successor Paying Agent/Registrar, the previous Paying Agent/Registrar shall deliver the Register or copies thereof to the new Paying Agent/Registrar, and the new Paying Agent/Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

9. Special Record Date. If interest on any Certificate is not paid on any Interest Payment Date and continues unpaid for 30 days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Paying Agent/Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the City. Such Special Record Date shall be 15 days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

10. Ownership; Unclaimed Principal and Interest. The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute Owner of such Certificate for the purpose of making payment of principal or interest on such Certificate, and for all other purposes, whether or not such Certificate is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Certificate in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

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

11. Registration, Transfer, and Exchange. So long as any Certificates remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office in

Austin, Texas and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Certificates in accordance with the terms of this Ordinance. The Issuance Date of each Certificate originally delivered to and paid for by the TWDB shall be recorded in the Register.

Each Certificate shall be transferable only upon the presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar in Austin, Texas, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Certificate for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, within three (3) Business Days after such presentation, a new Certificate or Certificates, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity, aggregate principal amount, and Issuance Date, bearing interest at the same rate as the Certificate or Certificates so presented.

All Certificates shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar in Austin, Texas, for a Certificate or Certificates of the same maturity, Issuance Date, and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Certificate or Certificates presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Certificates in accordance with the provisions of this Section. Each Certificate delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such Certificate is delivered.

The City or the Paying Agent/Registrar may require the Owner of any Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Certificate. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the City.

12. Mutilated, Lost, or Stolen Certificates. Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Certificate, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Certificate of like maturity, Issuance Date, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Certificate is lost, apparently destroyed, or wrongfully taken, the City, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Certificate has been acquired by a bona fide purchaser, shall authorize and the Paying Agent/Registrar shall authenticate and deliver a replacement Certificate of like maturity, Issuance Date, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The City or the Paying Agent/Registrar may require the Owner of a mutilated Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Paying Agent/Registrar.

The City or the Paying Agent/Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Certificate, before any replacement Certificate is issued, to:

- (1) furnish to the City and the Paying Agent/Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Certificate;
- (2) furnish such security or indemnity as may be required by the Paying Agent/Registrar and the City to save them harmless;
- (3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that may be imposed; and
- (4) meet any other reasonable requirements of the City and the Paying Agent/Registrar.

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

If any such mutilated, lost, apparently destroyed or wrongfully taken Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a replacement Certificate, authorize the Paying Agent/Registrar to pay such Certificate.

Each replacement Certificate delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such replacement Certificate is delivered.

13. Cancellation of Certificates. All Certificates paid in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment. The Paying Agent/Registrar shall furnish the City with appropriate certificates of destruction of such Certificates.

14. Book-Entry System. The Initial Certificates shall be delivered against payment to the TWDB. The TWDB shall be required to promptly surrender the Initial Certificates to the Paying Agent/Registrar for exchange. Certificates issued in exchange shall be registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Certificates, and held in the custody of DTC. Unless otherwise requested by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Certificates. Beneficial owners of Certificates will not receive physical delivery of Certificates except as provided hereinafter. For so long as DTC shall continue to serve as securities depository for the certificates as provided herein, all transfers

of beneficial ownership interest will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Certificates is to receive, hold or deliver any Certificate.

With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC participant or any person on whose behalf a DTC participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC participant or any other person, other than a registered owner of the Certificates, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, and (iii) the payment of any DTC participant or any other person, other than a registered owner of the Certificates, as shown on the Register, of any amount with respect to principal of or premium, if any, or interest on the Certificates.

Replacement Certificates may be issued directly to beneficial owners of Certificates other than DTC, or its nominee, but only in the event that (i) DTC determines not to continue to act as securities depository for the Certificates (which determination shall become effective no less than 90 days after written notice to such effect to the City and the Paying Agent/Registrar); or (ii) the City has advised DTC of its determination (which determination is conclusive as to DTC and the beneficial owners of the Certificates) that the interests of the beneficial owners of the Certificates might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the City shall use its best efforts to attempt to locate another qualified securities depository. If the City fails to locate another qualified securities depository to replace DTC, the City shall cause to be authenticated and delivered replacement Certificates, in certificate form, to the beneficial owners of the Certificates. In the event that the City makes the determination noted in (ii) above (provided that the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the City to make any such determination), and has made provisions to notify the beneficial owners of Certificates of such determination by mailing an appropriate notice to DTC, it shall cause to be issued replacement Certificates in certificate form to beneficial owners of the Certificates as shown on the records of DTC provided to the City.

Whenever, during the term of the Certificates, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Ordinance of holding, delivering or transferring Certificates shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

If at any time, DTC ceases to hold the Certificates as securities depository, all references herein to DTC shall be of no further force or effect.

Before the City can discontinue the book-entry-only system of registration through DTC, notice must be given to the TWDB and prior written consent of the TWDB must be received by the City.

15. Optional Redemption; Defeasance. (a) The Certificates are subject to optional redemption as set forth in the Form of Certificate in this Ordinance.

Principal amounts may be redeemed only in integral multiples of \$5,000. If a Certificate subject to redemption is in a denomination larger than \$5,000, a portion of such Certificate may be redeemed, but only in integral multiples of \$5,000. Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Certificate or Certificates of like maturity, Issuance Date, and interest rate in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered.

Notice of any redemption identifying the Certificates to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail, postage prepaid, to the Owner of each Certificate to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Certificates are to be surrendered for payment and, if less than all Certificates outstanding of a particular maturity are to be redeemed, the numbers of the Certificates or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Certificates or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Certificates have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Certificates or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Certificate or portion thereof called for redemption shall terminate on the date fixed for redemption.

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

(b) The Certificates may be discharged, defeased, redeemed or refunded in any manner now or hereafter permitted by law.



16. Forms. The form of the Certificates, including the form of the Paying Agent/Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller shall be, respectively, substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Ordinance:

(a) Form of Certificate.

UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTY OF MONTGOMERY

REGISTERED  
NUMBER

\_\_\_\_\_

REGISTERED  
DENOMINATION

\$ \_\_\_\_\_

CITY OF MONTGOMERY, TEXAS  
TAX AND SURPLUS REVENUE  
CERTIFICATE OF OBLIGATION  
SERIES 2017B

INTEREST RATE:	MATURITY DATE:	DATED DATE:	ISSUANCE DATE:	CUSIP NO.:
_____ %	_____, 20__	May 1, 2017	April 11, 2017	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

THE CITY OF MONTGOMERY, TEXAS (the "City") promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Certificate at BOK Financial (the "Paying Agent/Registrar"), at its principal payment office in Austin, Texas, the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360-day year of twelve 30-day months, from the later of the Issuance Date identified above, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Certificate is payable by check on March 1 and September 1, beginning on September 1, 2017, mailed to the registered owner as shown on the books of registration kept by the Paying Agent/Registrar as of the last business day of the month next preceding each interest payment date; provided, however,

that for so long as the Texas Water Development Board (“TWDB”) is the Owner of the Certificates, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB.

THIS CERTIFICATE is dated May 1, 2017 and is one of a series of fully registered certificates specified in the title hereof issued in the aggregate principal amount of \$1,730,000 (herein referred to as the “Certificates”), for the purpose of evidencing the indebtedness of the City for all or any part of the costs associated with the construction and equipment of wastewater system improvements and the cost of professional services incurred in connection therewith, issued in accordance with the Constitution and laws of the State of Texas, particularly Subchapter C, Chapter 271, Texas Local Government Code, as amended, pursuant to an ordinance duly adopted by the City Council of the City (the “Ordinance”), which Ordinance is of record in the official minutes of the City Council.

THE CITY RESERVES THE RIGHT to redeem Certificates maturing on and after March 1, 2028, prior to their scheduled maturities, in whole or from time to time in part, in inverse order of maturity, in integral multiples of \$5,000, on September 1, 2027 or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. Reference is made to the Ordinance for complete details concerning the manner of redeeming the Certificates.

NOTICE OF ANY REDEMPTION shall be given at least 30 days prior to the date fixed for redemption by first class mail, addressed to the registered owner of each Certificate to be redeemed in whole or in part at the address shown on the books of registration kept by the Paying Agent/Registrar. When Certificates or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

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

THIS CERTIFICATE is transferable only upon presentation and surrender at the principal payment office of the Paying Agent/Registrar in Austin, Texas, duly endorsed for

transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Ordinance.

THIS CERTIFICATE is exchangeable at the principal payment office of the Paying Agent/Registrar in Austin, Texas, for certificates in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

THIS CERTIFICATE shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Certificate is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Paying Agent/Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Certificate, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Ordinance.

THE CITY has covenanted in the Ordinance that it will at all times provide a legally qualified paying agent/registrar for the Certificates and will cause notice of any change of paying agent/registrar to be mailed to each registered owner.

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

IT IS FURTHER certified, recited and represented that the Surplus Revenues (as defined in the Ordinance) to be derived from the operation of the City's System (as defined in the Ordinance), are pledged to the payment of the Certificates. The City reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Surplus Revenues, secured by a pledge of the Surplus Revenues that may be on a parity with, or junior and subordinate to the pledge of Surplus Revenues securing the Certificates.

IN WITNESS WHEREOF, this Certificate has been signed with the manual or facsimile signature of the Mayor or Mayor Pro Tem of the City and countersigned with the manual or facsimile signature of the City Secretary of the City, and the official seal of the City has been duly impressed, or placed in facsimile, on this Certificate.

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

\_\_\_\_\_  
Mayor [Pro Tem]<sup>1</sup>

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

City of Montgomery, Texas

City of Montgomery, Texas

[SEAL]

(b) Form of Registration Certificate of Comptroller.

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

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

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

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

(SEAL)

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

AUTHENTICATION CERTIFICATE

It is hereby certified that this Certificate has been delivered pursuant to the Ordinance described in the text of this Certificate.

BOK Financial  
as Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Signature

Date of Authentication: \_\_\_\_\_

(d) Form of Assignment.

ASSIGNMENT

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

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

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

(Please insert Social Security or Taxpayer Identification Number of Transferee)  
the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints  
attorney to transfer said Certificate on the books kept for registration thereof, with full power of  
substitution in the premises.

DATED: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Registered Owner

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Certificate in every particular, without any alteration, enlargement or change whatsoever.

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

(i) immediately under the name of the Certificate, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the words "CUSIP NO." deleted;

(ii) in the first paragraph of the Certificate, the words "on the maturity date specified above" and "at the rate shown above" shall be deleted and the following shall be inserted at the end of the first sentence "..., with such principal to be paid in installments on February 1 in each of the years and in the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:"

[Information to be inserted from schedule in Section 5]

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

17. CUSIP Numbers. CUSIP Numbers may be printed on the Certificates, but errors or omissions in the printing of such numbers shall have no effect on the validity of the Certificates.

18. Interest and Sinking Fund; Tax Levy. The proceeds from all taxes levied, assessed and collected for and on account of the Certificates authorized by this Ordinance shall be deposited, as collected, in a special fund to be designated "City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017B Interest and Sinking Fund". While the Certificates or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually levied, assessed and collected in due time, form and manner, and at the same time other City taxes are levied, assessed and collected, in each year, a continuing direct annual ad valorem tax, within the limits prescribed by law, upon all taxable property in the City sufficient to pay the current interest on the Certificates as the same becomes due, and to provide and maintain a sinking fund adequate to pay the principal of the Certificates as such principal matures, but never less than two percent (2%) of the original principal amount of the Certificates each year, full allowance being made for delinquencies and costs of collection, and such taxes when collected shall be applied to the payment of the interest on and principal of the Certificates and to no other purpose.

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

19. Pledge of Revenues.

(a) The Surplus Revenues to be derived from the operation of the System are hereby pledged to the payment of the principal of and interest on the Certificates as the same come due. The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Surplus Revenues, secured by a pledge of the Surplus Revenues that may be on a parity with, or junior and subordinate to the pledge of Surplus Revenues securing the Certificates.

(b) While the Certificates are outstanding, the City will at all times maintain sufficient rates and charges for the payment of the maintenance and operation expenses of the System and, to the extent that ad valorem taxes are not available for such purpose, the City will at all times maintain sufficient rates and charges to produce revenues not less than 1.10 times the annual debt service obligations of all outstanding obligations of the City secured in whole or in part by the Surplus Revenues of the System for which the City is budgeting to make payments from Surplus Revenues, for the payment of debt service on the Certificates. Upon the written request of the TWDB, the City shall provide documentation that evidences the levy of ad valorem taxes for the payment of debt service on the Certificates or information demonstrating that the City has budgeted Surplus Revenues of the system or other lawfully available revenues sufficient for the payment of debt service on the Certificates.

(c) If System revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, the amount of taxes that otherwise would have been required to be levied may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund.



(d) If the City does not levy taxes in any year as provided in Section 18 and Section 19(c) above, the City shall transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Certificates until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Certificates and the City shall not transfer any funds from the City water and sewer fund to any fund other than the Interest and Sinking Fund until such times as an amount equal to the annual debt service on the Certificates for the then current fiscal year has been deposited in the Interest and Sinking Fund.

(e) Each year that the Certificates are outstanding, and prior to the time taxes are to be levied for such year, the City shall establish, adopt, and maintain an annual budget that provides for the monthly deposit of sufficient Surplus Revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, the deposit of tax revenues, or a combination thereof, into the Interest and Sinking Fund for the payment of debt service on the Certificates.

20. Application of Chapter 1208, Government Code. Chapter 1208, Government Code, applies to the issuance of the Certificates and the pledge of the taxes and revenues granted by the City under Sections 18 and 19 of this Ordinance, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are outstanding and unpaid such that the pledge of the taxes and revenues granted by the City under Sections 18 and 19 of this Ordinance is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Certificates the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

21. Further Proceedings. After the Initial Certificate has been executed, it shall be the duty of the Mayor or Mayor Pro Tem of the City to deliver the Initial Certificate and all pertinent records and proceedings to the Attorney General of Texas, for examination and approval. After the Initial Certificate has been approved by the Attorney General, it shall be delivered to the Comptroller for registration. Upon registration of the Initial Certificate, the Comptroller (or a deputy lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein to be affixed or attached to the Certificates to be initially issued, and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

22. Sale. The Certificates are hereby sold and shall be delivered to the TWDB, as soon as practicable after adoption of this Ordinance, at a price of par, subject to the approval of the Attorney General of Texas and Bond Counsel. At the time the Certificates are delivered to the TWDB, the City shall pay an origination fee to the TWDB equal to 2.25% (\$38,068) of the Project costs, in accordance with the rules of the TWDB. The Mayor or Mayor Pro Tem and other appropriate officers, agents and representatives of the City are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Certificates.

23. Books and Records. So long as any of the Certificates are outstanding the City covenants and agrees that it will keep proper books of record and account in which full, true and correct entries will be made of all transactions relating to the Certificates and the funds created pursuant to this Ordinance, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any Owner.

24. Federal Income Tax Exclusion.

(a) General Tax Covenant. The City intends that the interest on the Certificates will be excludable from gross income for purposes of federal income taxation pursuant to Sections 103 and 141 through 150 of the Code, and the applicable regulations promulgated thereunder (the "Regulations"). The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Certificates to be includable in the gross income, as defined in Section 61 of the Code, of the holders thereof for purposes of federal income taxation or (ii) result in the violation of or failure to satisfy any provision of Section 103 and 141 through 150 of the Code and the applicable Regulations that is applicable to the Certificates. In particular, the City covenants and agrees to comply with each requirement of this Section 24; provided, however, that the City will not be required to comply with any particular requirement of this Section 24 if the City has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates or (ii) compliance with some other requirement set forth in this Section 24 will satisfy the applicable requirements of the Code, in which case compliance with such other requirement specified in such Counsel's Opinion will constitute compliance with the corresponding requirement specified in this Section 24.

(b) No Private Use or Payment and No Private Loan Financing. The City will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "private activity bonds" within the meaning of Section 141 of the Code and the Regulations. The City covenants and agrees that it will make such use of the proceeds of the Certificates, including interest or other investment income derived from Certificate proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the bonds will not be "private activity bonds" within the meaning of Section 141 of the Code and the Regulations.

(c) No Federal Guarantee. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Certificates to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations, except as permitted by Section 149(b)(3) of the Code and the Regulations.

(d) Certificates Are Not Hedge Bonds. The City covenants and agrees not to take any action, or knowingly omit to take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively,

would cause the Certificates to be “hedge bonds” within the meaning of Section 149(g) of the Code and the Regulations.

(e) No Arbitrage Covenant. The City will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, that the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be “arbitrage bonds” within the meaning of Section 148(a) of the Code and the Regulations. Moreover, the City covenants and agrees that it will make such use of the proceeds of the Certificates including interest or other investment income derived from Certificate proceeds, regulate investments of proceeds of the Certificates, and take such other and further action as may be required so that the Certificates will not be “arbitrage bonds” within the meaning of Section 148(a) of the Code and the Regulations, including, specifically, that no portion of the proceeds of the Certificate will be used to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB’s bonds that are issued to provide financing for the loan (“Source Series Bonds”), other than Nonpurpose Investments acquired with:

(1) proceeds of the TWDB’s Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;

(2) amounts invested in a bona fide debt service fund, within the meaning of Section 1.148-1(b) of the Regulations; and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Certificates, 125% of average annual debt service on the Certificates, or 10% of the stated principal amount (or, in the case of a discount, the issue price) of the Certificates.

(f) Arbitrage Rebate. If the City does not qualify for an exception to the requirements of Section 148(f) of the Code, the City will take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the “gross proceeds” of the Certificates (within the meaning of Section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the City will (i) maintain records regarding the investment of the gross proceeds of the Certificates as may be required to calculate the amount earned on the investment of the gross proceeds of the Certificates separately from records of amounts on deposit in the funds and accounts of the City allocable to other bond issues of the City or moneys which do not represent gross proceeds of any Certificates of the City, (ii) calculate at such times as are required by the Regulations, the amount earned from the investment of the gross proceeds of the Certificates that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Certificates or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the City will not indirectly pay any

amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Certificates that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party. The City will exercise reasonable diligence to assure that no errors are made in the calculations of any amounts required to be rebated to the federal government, and, if such error is made, will discover and promptly correct such error within a reasonable time thereafter, including paying any interest and any penalty required by the Regulations.

(g) Information Reporting. The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Certificates are issued, an information statement concerning the Certificates, all under and in accordance with Section 149(e) of the Code and the Regulations.

(h) Record Retention. The City will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Certificates until three (3) years after the last Certificate is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the City to retrieve and reproduce such books and records in the event of an examination of the Certificates by the Internal Revenue Service.

(i) Registration. The Certificates will be issued in registered form.

(j) Continuing Obligation. Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of this Section 24 will survive the defeasance and discharge of the Certificates for so long as such matters are relevant to the exclusion from gross income of interest on the Certificates for federal income tax purposes.

(k) Source Series Bonds. The City covenants that neither the City nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Certificates to be acquired from the City by the TWDB.

25. Qualified Tax-Exempt Obligations. The City hereby designates the Certificates as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. In connection therewith, the City represents (a) that the aggregate amount of tax-exempt obligations issued by the City during calendar year 2017, including the Certificates, which have been designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code does not exceed \$10,000,000, and (b) that the reasonably anticipated amount of tax-exempt obligations which will be issued by the City during calendar year 2017, including the Certificates, will not exceed \$10,000,000. For purposes of this Section, the term "tax-exempt obligation" does not include

“private activity bonds” within the meaning of Section 141 of the Code, other than “qualified 501(c)(3) bonds” within the meaning of Section 145 of the Code. In addition, for purposes of this Section, the City includes all entities which are aggregated with the City under the Code.

26. Escrow Agreement. To facilitate the delivery of and payment for the Certificates pending completion of review of plans and specifications, the City Council hereby authorizes an Escrow Agreement to be entered into by and between the City and the Escrow Agent, the terms and conditions of which are hereby approved, subject to such insertions, additions, and modifications as shall be necessary to comply with all applicable laws, regulations, and procedures and to carry out the intent and purposes of this Ordinance. The Mayor or Mayor Pro Tem and the City Secretary are authorized to execute and deliver such Escrow Agreement in multiple counterparts on behalf of the City.

27. Project Fund. There is hereby created and established a special fund of the City, to be known as the “City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017B Project Fund”, which shall be established at an official depository of the City and kept separate and apart from other funds of the City. The proceeds of the Certificates, shall be deposited in the escrow account for the Certificates that is maintained by the Escrow Agent for benefit of the City and TWDB under and as more specifically provided by the Escrow Agreement. Upon release from the escrow account, such proceeds shall be deposited and held in the Project Fund until used for authorized purposes. The proceeds of the Certificates, as received, shall be deposited in the Project Fund. Money on deposit in the Project Fund and all interest and income derived therefrom shall be used only for the purposes set forth in Section 3 of this Ordinance and to pay costs of issuance. Money on deposit in the Project Fund, may, at the option of the City, be invested as permitted by Texas law including, without limitation, the Public Funds Investment Act, Texas Government Code, Chapter 2256, and the Public Funds Collateral Act, Texas Government Code, Chapter 2257; provided that all such deposits and investments shall be made in such manner that the money required to be expended from the Project Fund will be available at the proper time or times.

28. Use of Proceeds. Certificate proceeds deposited in the Project Fund shall be timely and expeditiously used, in accordance with the schedule for the Project approved by the TWDB, and as may be amended from time to time.

29. TWDB Rules. In compliance with the published rules and regulations of the TWDB, the City covenants and agrees that upon final completion of the project to be financed with the proceeds of the Certificates, and if all or any portion of the Certificates shall be held by or on account of the TWDB or the State of Texas, the proper officials of the City shall render due and final accounting to the TWDB of the total cost of the Project and provide a copy of as-built plans for the Project. If, following completion of the Project, funds remain on hand in the Project Fund, or if the TWDB Executive Administrator (the “Executive Administrator”) disapproves construction of any portion of the Project as not being in accordance with the plans and specifications, the City shall use any remaining funds for enhancements to the Project that are approved by the Executive Administrator, or, if no enhancements are authorized by the Executive Administrator, the City shall submit to the TWDB a final accounting and describe the proposed disposition of the any unused funds. If any funds are determined to be surplus funds

remaining after the completion of the Project and the completion of a final accounting, such surplus funds shall be used for the following purposes, as approved by the Executive Administrator: (i) to redeem, in inverse order of or maturity, the Certificates owned by the TWDB or (ii) to be deposited by the City into the Interest and Sinking Fund and applied to the payment of the principal of and interest on the Certificates. Unless otherwise stated in the loan commitment of the TWDB with respect to the purchase of the Certificates, in determining the amount of available funds for constructing the Project to be financed, the City shall account for all monies in the Project Fund, including all loan funds extended by the TWDB, all other funds available from the Project as described in the Project engineer's sufficiency of funds statement required for closing the TWDB's loan and all interest earned by the City on money in the Project Fund. This requirement shall not be interpreted as prohibiting the TWDB from enforcing such other rights as it may have under law.

30. Outlay Reports. The City agrees to submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.

31. Environmental Indemnification. The City shall not use proceeds from the sale of the Certificates for sampling, testing, removing or disposing of contaminated soils and/or media at the Project site. To the extent permitted by law, the City agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project.

32. Insurance. The City covenants that the Project will be kept continually insured against such perils in an amount sufficient to protect the TWDB's interest in the Project, to the extent that insurance is customarily carried by cities operating similar facilities in similar locations; provided, however, that the City shall not be required to maintain such insurance so long as builders risk insurance covering such facilities during the period of construction is in effect.

33. Compliance with Rules, Statutes and Determinations of the TWDB. The City covenants that it will comply with the TWDB's rules and relevant state statutes in connection with the sale of the Certificates to the TWDB and the use of the proceeds in connection with the Project approved by the TWDB. The City covenants to comply with the standard emergency discovery conditions for threatened and endangered species and cultural resources, as more fully specified in the final environmental finding of the Executive Administrator.

34. Compliance with Davis-Bacon and Federal Disadvantaged Business Enterprises Program. Laborers and mechanics employed by contractors and subcontractors for the Project shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The City, all contractors, and all sub-contractors shall ensure that all Project contracts mandate compliance with the Davis-Bacon Act. All contracts and subcontracts

for the construction of the Project carried out in whole or in part with Certificate proceeds shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB. The City covenants to comply with all applicable State and federal procurement requirements, including the federal procurement requirements under the Disadvantaged Business Enterprises program.

35. Federal Funding Accountability and Transparency Act. The City shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The City shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Certificates are outstanding.

36. Use of Iron and Steel Products. The City covenants that it will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines

37. Maintenance of Project Fund. The City covenants that it will maintain the Project Fund in accordance with generally accepted government accounting principles.

38. Continuing Disclosure Undertaking.

(a) Annual Reports. The City agrees to provide to the MSRB, in electronic format, accompanied by identifying information as prescribed by the MSRB, within six months after the end of each fiscal year, financial information and operating data with respect to the City of the general type included in the City's annual financial statements. The information will also include the audited financial statements of the City, if the City commissions an audit and it is completed within the required time. If the audit of such financial statements is not complete within such period, then the City will provide unaudited financial statements within such six month period to the MSRB, and audited financial statements if and when the audit report on such statements becomes available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles the City may be required to employ from time to time pursuant to State law or regulation. All such information and operating data shall be provided to the MSRB, in an electronic format, accompanied by identifying information, as prescribed by the MSRB, and will be available via the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://www.emma.msrb.org).

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

All such information and operating data may be provided to the MSRB in full in one or more documents, or may be included by specific reference to documents available to the public (including an Official Statement or other offering document, if it is available from the MSRB).



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

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

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

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

(13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material.

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

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

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

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

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

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, change in law, or change in the identity, nature, status or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the original primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to such amendment, or (b) any person unaffiliated with the City (such as nationally recognized Bond Counsel), determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. If any such amendment is made, the City will include in its next annual update an explanation in narrative form of the reasons for the amendment and its impact on the type of operating data or financial information being provided.

39. Delivery of Audit to TWDB. The City agrees to annually submit to the TWDB an audit prepared by a certified public accountant in accordance with the generally accepted accounting principles applicable to the City following the completion of such audit.

40. Private Placement Memorandum. The form and substance of the Private Placement Memorandum for the Certificates dated April 11, 2017, and any addenda, supplement or amendment thereto (the "Private Placement Memorandum"), presented to and considered at this meeting, are hereby in all respects approved and adopted. The proper officials of the City are hereby authorized to execute such Private Placement Memorandum as prescribed therein.

41. Appointment of Initial Paying Agent/Registrar; Paying Agent Registrar Agreement.

(a) BOK Financial, Austin, Texas, is hereby appointed as the initial Paying Agent/Registrar for the Certificates.

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

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

(d) The form of Paying Agent/Registrar Agreement setting forth the duties of the Paying Agent/Registrar is hereby approved, and the appropriate officials of the City are hereby authorized to execute such agreement for and on behalf of the City.

42. Maintenance, Termination and Replacement of Paying Agent/Registrar.

(a) At all times while any Certificates are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under this Section 4I of the Ordinance.

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

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

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

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

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

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

43. Remedies. The TWDB shall have all remedies available in law or equity with respect to the Certificates, and any provision of the Certificates that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.

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

45. Related Matters. To satisfy in a timely manner all of the City's obligations under this Ordinance, the Mayor or Mayor Pro Tem, the City Secretary and all other appropriate officers and agents of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of this Ordinance.

46. Individuals Not Liable. No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member of City Council or agent or employee of City Council or of the City in his or her individual capacity and neither the members of City Council nor any officer thereof, nor any agent or employee of City Council or of the City, shall be liable personally on the Certificates, or be subject to any personal liability or accountability by reason of the issuance thereof.

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

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

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

*[Execution Page Follows]*

PASSED, APPROVED AND EFFECTIVE this 11<sup>th</sup> day of April, 2017.

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City Secretary  
City of Montgomery, Texas

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Mayor  
City of Montgomery, Texas

[SEAL]

*Signature Page to Ordinance Authorizing Issuance of City of Montgomery, Texas Tax and Surplus Revenue  
Certificates of Obligation, Series 2017B*

**CERTIFICATE FOR ORDINANCE**

THE STATE OF TEXAS     §  
COUNTY OF MONTGOMERY     §

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

1.     The City Council of the City of Montgomery, Texas, convened in a regular meeting on the 11<sup>th</sup> day of April, 2017, at the regular meeting place thereof, within said City, and the roll was called of the duly constituted officers and members of said City Council, to wit:

Kirk Jones	Mayor
Jon Bickford	Council Member, Position 1
John Champagne	Council Member, Position 2
T.J. Wilkerson	Council Member, Position 3
Rebecca Huss	Council Member, Position 4
Dave McCorquodale	Council Member, Position 5

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

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

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF MONTGOMERY, TEXAS, TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017B; AUTHORIZING EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT RELATING TO SUCH CERTIFICATES; PRESCRIBING THE FORM OF SAID CERTIFICATES; LEVYING A TAX AND PLEDGING SURPLUS REVENUES OF THE WATER AND SEWER SYSTEM IN PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO

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

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

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



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

SIGNED AND SEALED this 11<sup>th</sup> day of April, 2017.

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City Secretary  
City of Montgomery, Texas

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Mayor  
City of Montgomery, Texas

[SEAL]

Private  
Placement  
Memorandum

**PRIVATE PLACEMENT MEMORANDUM DATED April 11, 2017**

**NEW ISSUE BOOK-ENTRY-ONLY**

*On the date of initial delivery of the Certificates (defined below), Bond Counsel (shown on page i) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.*

**\$1,730,000**

**CITY OF MONTGOMERY, TEXAS**

**TAX AND SURPLUS REVENUE**

**CERTIFICATES OF OBLIGATION, SERIES 2017B (the “Certificates”)**

**Dated: May 1, 2017**

**Due February 1, as shown in Appendix A**

Interest Date: Interest on the Certificates will be payable on March 1 and September 1 each year, commencing September 1, 2017 (each an “Interest Payment Date”). The Certificates will bear interest at the rates per annum set forth in “APPENDIX A – MATURITY SCHEDULE.”

Record Date: The fifteenth day of the calendar month immediately preceding the applicable Interest Payment Date.

Date Interest Accrues: Each Certificate shall bear interest from the Delivery Date thereof.

Redemption: The Certificates are subject to redemption prior to maturity as provided herein. See “THE CERTIFICATES - Redemption Provisions” herein.

Authorized Denominations: The Certificates are being issued as fully registered certificates in denominations of \$5,000, or any integral multiple thereof.

Paying Agent/Registrar: The paying agent/registrar (“Paying Agent/Registrar”) for the Certificates is BOK Financial, Austin, Texas.

Book-Entry-Only System Upon initial issuance, the ownership of the Certificates will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) to which principal, redemption premium, if any, and interest payments on the Certificates will be made. The purchasers of the Certificates will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Certificates will be payable at the designated office of the Paying Agent/Registrar in Austin, Texas as the same become due and payable.

Issuer: City of Montgomery, Texas.

Official Action: Ordinance authorizing the Certificates, adopted April 11, 2017.

Purpose: See “APPENDIX B - OFFICIAL ACTION.”

Security for the Certificates: See “APPENDIX B - OFFICIAL ACTION.”

Ratings: See “OTHER INFORMATION - Ratings”

Delivery Date: May 11, 2017

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**See “APPENDIX A - MATURITY SCHEDULE” for Principal Amounts, Maturities, Interest Rates, and Initial CUSIP Numbers**

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**CITY OF MONTGOMERY, TEXAS**

**Kirk Jones, Mayor**

**Jon Bickford, Council Member**

**John Champagne, Council Member**

**T.J. Wilkerson, Council Member**

**Rebecca Huss, Council Member**

**Dave McCorquodale, Council Member**

**Susan Hensley, City Secretary**

**Jack Yates, City Administrator**

Bracewell LLP, Bond Counsel

U.S. Capital Advisors, LLC, Financial Advisor

BOK Financial, Paying Agent/Registrar

Jones & Carter Inc., Project Engineer

BrooksCardiel, PLLC, Auditor

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**Private Placement Memorandum  
relating to**

**[\$1,730,000]**

**CITY OF MONTGOMERY, TEXAS**

**TAX AND SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2017B (the "Certificates")**

**INTRODUCTION**

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance of the Certificates by the Issuer pursuant to the constitution and laws of the State of Texas and the Ordinance of the City authorizing the Certificates (the "Official Action"), and summaries of certain provisions of the Certificates. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See "APPENDIX B – FORM OF OFFICIAL ACTION" attached hereto.

APPENDIX A contains the maturity schedule for the Certificates. APPENDIX B contains a copy of the Official Action and a description of the purpose for which the Certificates are being issued. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Certificates. The summaries of the documents contained in this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

**THE CERTIFICATES**

**General Description**

The Certificates are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature as described therein. The Certificates will be subject to redemption prior to maturity as described therein. The Certificates are being issued as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The Certificates will be dated May 1, 2017 and will mature on the dates and will bear interest from their Delivery Date at the rates per annum set forth in APPENDIX A - MATURITY SCHEDULE.

Interest on the Certificates is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30 day months. Principal of and the redemption price with respect to the Certificates will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

**Purpose**

See "APPENDIX B - FORM OF OFFICIAL ACTION."

**Authority for Issuance**

The Certificates are issued pursuant to the constitution and laws of the State of Texas, including particularly, Subchapter C, Chapter 271, Texas Local Government Code, as amended, and the Official Action adopted by the Issuer.

**Security for the Certificates**

See "APPENDIX B - FORM OF OFFICIAL ACTION."

## **Redemption Provisions**

The City reserves the right to redeem Bonds maturing on and after March 1, 2028, prior to their scheduled maturities, in whole or from time to time in part, in inverse order of maturity, in integral multiples of \$5,000, on September 1, 2027, or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. Reference is made to the Ordinance for complete details concerning the manner of redeeming the Bonds.

Principal amounts may be redeemed only in integral multiples of \$5,000. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity, Issuance Date, and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

## **Notice of Redemption**

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail, postage prepaid, to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

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

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

## **Book-Entry-Only System**

The Certificates will be available only in book-entry form. Consequently, purchasers of ownership interests in the Certificates will not receive certificates representing their respective interests in the Certificates. This section describes how ownership of the Certificates is to be transferred and how the payments of principal of and interest on the Certificates are to be paid to and accredited by Depository Trust Company, New York, New York, ("DTC") while the Certificates are registered in its nominee name. *The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Private Placement Memorandum. The Issuer and the Financial Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*



The Issuer cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission ("SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Certificates, and deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

## **TAX MATTERS**

### **Opinion**

Bond Counsel will deliver its opinion on the Delivery Date of the Certificates substantially in the form as attached in "APPENDIX C - FORM OF OPINION OF BOND COUNSEL."

## **OTHER INFORMATION**

### **Forward Looking Statements**

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Certificates have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

### **Ratings and Municipal Bond Insurance**

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Certificates for ratings or municipal bond insurance, respectively.

## LITIGATION

### General

On the date of delivery of the Certificates to the initial purchaser thereof, the Issuer will execute and deliver a certificate to the effect that, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Certificates or which would affect the provisions made for their payment or security or in any manner questioning the proceedings or authority concerning the issuance of the Certificates.

### The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Certificates, the security for, or the validity of, the Certificates or the financial condition of the Issuer.

## CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made an agreement to provide certain information to the Municipal Security Rulemaking Board (the "MSRB") for the benefit of the holders and beneficial owners of the Certificates. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the MSRB. SEE "APPENDIX B - FORM OF OFFICIAL ACTION."

### Compliance with Prior Undertakings

[To Come] [During the last five years, the Issuer has complied in all material respects with the its continuing disclosure agreements in accordance with SEC Rule 15c2-12. **OR** During the last five years, the Issuer has complied in all material respects with its continuing disclosure agreements except as follows:]

## MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Certificates.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

*[Remainder of Page Intentionally Left Blank]*

**ADDITIONAL INFORMATION**

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Certificates and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete.

CITY OF MONTGOMERY, TEXAS

---

Kirk Jones, Mayor

**APPENDIX A**

**MATURITY SCHEDULE**

**\$1,730,000**

**City of Montgomery, Texas**

**Tax and Surplus Revenue Certificates of Obligation, Series 2017B**

**CUSIP Prefix:**

<u>Year</u> <u>(March 1)<sup>(a)</sup></u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP Suffix.<sup>(b)</sup></u>
2018	\$ 90,000	____%	___
2019	90,000	____	___
2020	90,000	____	___
2021	85,000	____	___
2022	90,000	____	___
2023	90,000	____	___
2024	90,000	____	___
2025	90,000	____	___
2026	90,000	____	___
2027	90,000	____	___
2028	90,000	____	___
2029	90,000	____	___
2030	90,000	____	___
2031	90,000	____	___
2032	95,000	____	___
2033	95,000	____	___
2034	95,000	____	___
2035	95,000	____	___
2036	95,000	____	___

<sup>(a)</sup> The City reserves the right to redeem Bonds maturing on and after March 1, 2028, prior to their scheduled maturities, in whole or from time to time in part, in inverse order of maturity, in integral multiples of \$5,000, on September 1, 2027, or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. Reference is made to the Form of Official Action for complete details concerning the manner of redeeming the Bonds.

<sup>(b)</sup> CUSIP Numbers have been assigned to the Certificates by the CUSIP Global Services, managed by S&P Global Market Intelligence, on behalf of the American Bankers Association. CUSIP numbers are provided solely for the convenience of the purchaser of the Certificates. Neither the City nor the initial purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.

**APPENDIX B**  
**FORM OF OFFICIAL ACTION**  
**[Attached]**

**APPENDIX C**  
**FORM OF OPINION OF BOND COUNSEL**  
**[Attached]**

Escrow

Agreement



## ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the “Agreement”), made by and between CITY OF MONTGOMERY, TEXAS, a political subdivision of the State of Texas in Montgomery County, Texas, (the “City”), acting by and through BOKF, NA, as Escrow Agent (the “Escrow Agent”), together with any successor in such capacity;

### W I T N E S S E T H:

WHEREAS, pursuant to an Ordinance (the “Ordinance”) finally adopted on April 11, 2017, the City authorized the issuance of \$1,730,000 City of Montgomery, Texas Tax and Surplus Revenue Certificates of Obligation, Series 2017B (the “Certificates”) to obtain financial assistance from the Texas Water Development Board (the “TWDB”) for the purpose of evidencing the indebtedness of the City for all or any part of the costs associated with improvements to the City’s water system, including (i) the construction of improvements to and the expansion and equipment of Water Plant No. 3, (ii) the construction of improvements to and the expansion and replacement of water distribution lines, and (iii) the costs of professional services incurred in connection therewith (the “Project”); and

WHEREAS, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition of the Certificates is the deposit of the proceeds of the Certificates (the “Proceeds”) in escrow subject to being withdrawn only with the approval of the Executive Administrator or another designated representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount of fees to be paid by the City to the Escrow Agent, as set forth on **EXHIBIT A**, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Certificates, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

**SECTION 1: ESCROW ACCOUNTS.** Upon the delivery of the Certificates described above, the Proceeds identified under TWDB Commitment Number L1000605 shall be deposited to the credit of a special escrow accounts or escrow subaccount (the “Escrow Account”) maintained at the Escrow Agent on behalf of the City and the TWDB and shall not be commingled with any other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City, and the Escrow Agent

shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Account shall be entitled “City of Montgomery, Texas Certificates of Obligation, Series 2017B Texas Water Development Board L1000605 Escrow Account” and shall not be subject to warrants, drafts or checks drawn by the City but shall be disbursed or withdrawn to pay the costs of the Project for which the Certificates were issued or other purposes in accordance with the Ordinance and solely upon written authorization from the Executive Administrator or his/her designated representative. The Escrow Agent shall provide to the City and to the TWDB the Escrow Account bank statements upon request.

**SECTION 2: COLLATERAL.** All cash deposited to the credit of such Escrow Account and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

**SECTION 3: INVESTMENTS.** While the Proceeds are held in escrow, the Escrow Agent shall only invest escrowed Proceeds in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the “PFIA”). It is the City’s responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy.

**SECTION 4: DISBURSEMENTS.** The Escrow Agent shall not honor any disbursement from the Escrow Accounts, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator or his/her designated representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Account provided that all such investments are consistent with the PFIA requirements.

**SECTION 5: UNEXPENDED FUNDS.** Any Proceeds remaining unexpended in the Escrow Account after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Ordinance. The City shall deliver a copy of such TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Ordinance, that being the sole obligation of the City.

**SECTION 6: CERTIFICATIONS.** The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the City and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

**SECTION 7: LIABILITY OF ESCROW AGENT.** To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Certificates or any recitation contained in the Certificates.

**SECTION 8: RECORDS.** The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Account, and investments of the Escrow Account and all proceeds thereof. The records shall be available for inspection and copying at reasonable hours and under reasonable conditions by the City and the TWDB.

**SECTION 9: MERGER/CONSOLIDATION.** In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation or exchange.

**SECTION 10: AMENDMENTS.** This Agreement may be amended from time to time as necessary with the written consent of the City and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

**SECTION 11: TERMINATION.** In the event that this Agreement is terminated by either the City or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The City is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the City and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the City must forward a copy of the executed escrow agreement with the successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the City has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor

escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the City. Whether appointed by the City or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

**SECTION 12: EXPIRATION.** This Agreement shall expire upon final transfer of the funds in the Escrow Account to the City.

**SECTION 13: POINT OF CONTACT.** The points of contact for the Escrow Agent and the TWDB are as follows:

**Escrow Agent:**

BOKF, NA  
Attn : Jose Gaytan  
100 Congress Avenue, Suite 250  
Austin, Texas 78701

**TWDB:**

Executive Administrator  
Texas Water Development Board  
1700 North Congress Avenue  
Austin, Texas 78701

**SECTION 14: CHOICE OF LAW.** This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

**SECTION 15: ASSIGNABILITY.** This Agreement shall not be assignable by the parties hereto, in whole or in part, without the consent of the TWDB, and any attempted assignment shall be void and of no force and effect.

**SECTION 16: ENTIRE AGREEMENT.** This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the City and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Account. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the City and consented to by the Escrow Agent and the TWDB.

**SECTION 17: VALIDITY OF PROVISIONS.** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

**SECTION 18: COMPENSATION FOR ESCROW SERVICES.** The Escrow Agent shall be entitled to compensation for its services as stated in **Exhibit A**, which compensation shall be paid by the City but may not be paid directly from the Escrow Account.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement effective upon signature of both parties.

CITY OF MONTGOMERY, TEXAS

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

Date: May 11, 2017

Address: 101 Old Plantersville Road  
Montgomery, Texas 77316

(City Seal)

BOKF, NA  
as Escrow Agent

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: May 11, 2017

Address: 100 Congress Avenue, Suite 250  
Austin, Texas 78701

(Bank Seal)

**EXHIBIT A**  
**FEE SCHEDULE**  
**[Attached]**

PAYING AGENT / REGISTRAR

PAYING AGENT/REGISTRAR AGREEMENT

between

CITY OF MONTGOMERY, TEXAS

and

BOKF, NA

Pertaining to

City of Montgomery, Texas  
Tax and Surplus Revenue Certificates of Obligation  
Series 2017B

Dated as of May 11, 2017

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## PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (the or this "Agreement"), dated as of May 11, 2017, is by and between CITY OF MONTGOMERY, TEXAS (the "Issuer") and BOKF, NA (the "Bank"), a national banking association duly organized and existing under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Tax and Surplus Revenue Certificates of Obligation, Series 2017B (the "Certificates"), dated May 1, 2017, to be issued as registered securities without coupons;

WHEREAS, all things necessary to make the Certificates the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof;

WHEREAS, the Issuer desires that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Certificates, in accordance with the terms thereof, and that the Bank act as Registrar for the Certificates; and

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement, and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed as follows:

### ARTICLE I

#### APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

##### Section 1.01. Appointment.

(a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Certificates in paying to the Owners of the Certificates the principal, redemption premium, if any, and interest on all or any of the Certificates.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Certificates.

(c) The Bank hereby accepts its appointment, and agrees to act as, the Paying Agent and Registrar.

##### Section 1.02. Compensation.

(a) 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 Annex A hereto for the first year of this Agreement, or such part thereof as this Agreement shall be in effect, and thereafter while this Agreement is in effect, 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.

(b) 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 II

### DEFINITIONS

Section 2.01. Definitions. The terms, “Agreement,” “Bank,” “Certificates,” and “Issuer” have the meanings assigned to them in the recitals hereto. Capitalized terms used herein and not defined herein shall have the meanings assigned in the Certificate Ordinance. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

“Bank Office” means the Bank’s office in Austin, Texas. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Certificate Ordinance” means the ordinance of the City Council of the Issuer authorizing the issuance and delivery of the Certificates.

“Financial Advisor” means U.S. Capital Advisors LLC and its successor in that capacity.

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

“Issuer Request” and “Issuer Order” means a written request or order signed in the name of the Issuer by the Mayor of the Issuer, or any other authorized representative of the Issuer and delivered to the Bank.

“Owner” means the Person in whose name a Certificate is registered in the Register.

“Paying Agent” means the Bank when it is performing the functions of paying agent associated with the terms in this Agreement.

“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 Certificates” of any particular Certificate means every previous Certificate evidencing all or a portion of the same obligation as that evidenced by such particular Certificate (and, for the purposes of this definition, any Certificate registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Certificate shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Certificate).

“Record Date” means the fifteenth day of the month next preceding an interest payment date established by the Certificate Ordinance.

“Register” means a register in which the Bank shall provide for the registration and transfer of Certificates.

“Registrar” means the Bank when it is performing the functions of registrar associated with the terms in this Agreement.

“Responsible Officer” when used with respect to the Bank means the officer or officers of the Bank within the Corporate Trust Department having direct responsibility for the administration of this Agreement.

“Stated Maturity” means the date or dates specified in the Certificate Ordinance as the fixed date on which the principal of the Certificates is due and payable or the date fixed in accordance with the terms of the Certificate Ordinance for redemption of the Certificates, or any portion thereof, prior to the fixed maturity date.

### ARTICLE III

#### PAYING AGENT

##### Section 3.01. Duties of Paying Agent.

(a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity and upon the surrender of the Certificate or Certificates so maturing at the Bank Office, the principal amount of the Certificate or Certificates then maturing, and redemption premium, if any, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payment no later than 10:00 a.m. Central Time on the applicable payment date.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Certificates to each Owner of the Certificates (or their Predecessor Certificates) as shown in the Register at the close of business on the Record Date, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payments. The Paying Agent shall such payments in accordance with the Certificate Ordinance by computing the amount of interest to be paid each Owner, preparing the checks (or other payment method allowed under the terms of the Certificate Ordinance) on each interest payment date addressed to each Owner’s address as it appears in the Register at the close of business on the Record Date.

Section 3.02. Payment Dates. The Issuer hereby instructs the Bank to pay the principal of, redemption premium, if any, and interest on the Certificates at the dates specified in the Certificate Ordinance.

ARTICLE IV

REGISTRAR

Section 4.01. Transfer and Exchange.

(a) The Bank shall keep the Register at the Bank Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished to the Bank herewith or subsequent hereto by Issuer Order, the Bank shall provide for the registration and transfer of the Certificates. The Bank is hereby appointed “Registrar” for the purpose of registering and transferring the Certificates as herein provided. The Bank agrees to maintain the Register while it is Registrar. The Bank agrees to at all times maintain a copy of the Register at its office located in the State of Texas.

(b) The Certificates shall be subject to transfer and exchange as set forth in the Certificate Ordinance.

Section 4.02. The Certificates.

The Issuer shall provide an adequate inventory of unregistered Certificates to facilitate transfers. The Bank covenants that it will maintain the unregistered Certificates in safekeeping and will use reasonable care in maintaining such unregistered Certificates in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03. Form of Register.

(a) The Bank as Registrar will maintain the records of the Register 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 Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

(b) The 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 Owners.

(a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the 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.

(b) The Bank will not release or disclose the content of the 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 subpoena or court order or as otherwise required by law. Upon receipt of a subpoena or court order the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.05. Cancellation of Certificates.

All Certificates surrendered to the Bank for payment, redemption, transfer, exchange, or replacement, shall be promptly cancelled by the Bank upon the making of proper records regarding such payment, transfer, exchange or replacement. The Issuer may at any time deliver to the Bank for cancellation any Certificates previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly cancelled by the Bank. All cancelled Certificates held by the Bank shall be disposed of pursuant to the Securities Exchange Act of 1934.

Section 4.06. Mutilated, Destroyed, Lost, or Stolen Certificates.

(a) Subject to the provisions and conditions of this Section 4.06, the Issuer hereby instructs the Bank to deliver fully registered Certificates in exchange for or in lieu of mutilated, destroyed, lost, or stolen Certificates as long as the same does not result in an overissuance.

(b) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed Certificates and any future substitute blanket bond for lost, stolen, or destroyed Certificates that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen, or destroyed Certificates by the Bank is available for inspection by the Issuer on request.

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 Certificates it has paid pursuant to Section 3.01; Certificates it has delivered upon the transfer or exchange of any Certificates pursuant to Section 4.01; and Certificates it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Certificates pursuant to Section 4.06 of this Agreement.

ARTICLE V

THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and in accordance with the Certificate Ordinance and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Certificates to pay the Certificates as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent.

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 ordinance, resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, 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 Certificates, but is protected in acting upon receipt of Certificates containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Owner or an attorney-in-fact of the Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in an ordinance, resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security, or other paper or document supplied by Issuer.

(e) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Certificates in the manner disclosed in the closing memorandum as prepared by the Issuer's Financial Advisor 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.

(f) 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.

(g) 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.

(a) The recitals contained herein and in the Certificates shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.



(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners, or any other Person for any amount due on any Certificate except as otherwise expressly provided herein with respect to the liability of the Bank for its duties under this Agreement.

Section 5.04. May Hold Certificates.

The Bank, in its individual or any other capacity, may become the Owner or pledgee of Certificates 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.

(a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

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

(c) Subject to the provisions of Title 6, Texas Property Code, any money deposited with the Bank for the payment of the principal, redemption premium, if any, or interest on any Certificate and remaining unclaimed for three years after final maturity of the Certificate has become due and payable will be paid by the Bank to the Issuer, and the Owner of such Certificate shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease.

(d) The Bank will comply with the reporting requirements of Chapter 74 of the Texas Property Code.

(e) The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a paying agent capacity for the payment of the Certificates, 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 the Certificates 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 Certificates shall, at its own expense and risk, request such other medium of payment.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank, its officers, directors, employees, and agents for, and hold them harmless against, any loss, liability, or expense incurred without negligence, bad faith or willful misconduct on their part arising out of or in connection with its acceptance or administration of the Bank's duties hereunder, and under Sections 40 and 41 of the Certificate Ordinance, including the cost and expense (including its counsel fees) of defending itself 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, demands or controversy over its persons as well as funds on deposit in a court of competent jurisdiction within the State of Texas; waive personal service of any process; and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in 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 within the State of Texas to determine the rights of any person claiming any interest herein.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

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 shown below:

- |     |                   |                                                                                                        |
|-----|-------------------|--------------------------------------------------------------------------------------------------------|
| (a) | if to the Issuer: | City of Montgomery, Texas<br>101 Old Plantersville Road<br>Montgomery, Texas 77316<br>Attention: Mayor |
| (b) | if to the Bank:   | BOKF, NA<br>Attn: Jose Gaytan<br>100 Congress Avenue, Suite 250<br>Austin, Texas 78701                 |

Section 6.04. Bank to Give Notice of Change.

The Bank hereby agrees that it will give notice to the Issuer, the Owners and the Municipal Securities Rulemaking Board of (a) any change in the name of the Bank after the date hereof, (b) any change in the location of the Bank Office or a change in the mailing address of the Bank, and (c) any merger or other change in the corporate structure affecting the name, location and address of the Bank, in each case within ten (10) business days of the effective date of such change.

Section 6.05. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.06. Successors and Assigns.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.07. Separability.

If 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 6.08. 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 6.09. Entire Agreement.

This Agreement and the Certificate 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 Certificate Ordinance, the Certificate Ordinance shall govern.

Section 6.10. 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 6.11. Termination.

(a) This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal, redemption premium, if any, and interest of the Certificates.

(b) This Agreement may be earlier terminated upon 45 days written notice by either party; provided, that, no termination shall be effective until a successor has been appointed by the Issuer and has accepted the duties imposed by this Agreement. A resigning Paying Agent/Registrar may petition any court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar if an instrument of acceptance by a successor Paying Agent/Registrar has not been delivered to the resigning Paying Agent/Registrar within 60 days after the giving of notice of resignation.

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

Section 6.12. Merger, Conversion, Consolidation or Succession.

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 of the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto; provided, however, that the resulting entity must qualify to serve as the Paying Agent/Registrar under the terms of the Ordinance and Texas law. In case any Certificate 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 Certificate so registered with the same effect as if such successor Bank had itself registered such Certificate. The Bank shall notify the Issuer of any changes described in this paragraph in accordance with Section 6.04.

Section 6.13. Governing Law.

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

*[Execution Pages Follow]*

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

CITY OF MONTGOMERY, TEXAS

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

ATTEST:

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

*Signature Page to Paying Agent/Registrar Agreement*

BOKF, NA  
as Paying Agent/Registrar

By: \_\_\_\_\_  
Title: \_\_\_\_\_

*Signature Page to Paying Agent/Registrar Agreement*

**ANNEX A**

**SCHEDULE OF FEES FOR SERVICE AS PAYING AGENT/REGISTRAR**

[Attached]

BOND  
COUNSEL'S  
OPINION



Texas  
New York  
Washington, DC  
Connecticut  
Seattle  
Dubai  
London

Bracewell LLP  
711 Louisiana Street  
Suite 2300  
Houston, Texas  
77002-2770

713.223.2300 Office  
713.221.1212 Fax

[bracewelllaw.com](http://bracewelllaw.com)

[CLOSING DATE]

WE HAVE ACTED as bond counsel for the City of Montgomery, Texas (the “City”), in connection with an issue of certificates of obligation described as follows:

CITY OF MONTGOMERY, TEXAS, COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017B, dated May 1, 2017, in the principal amount of [\$1,730,000] (the “Certificates”).

The Certificates mature, bear interest and may be transferred and exchanged as set out in the Certificates and in the ordinance adopted by the City Council of the City authorizing their issuance (the “Ordinance”).

WE HAVE ACTED as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the City or the disclosure thereof in connection with the sale of the Certificates.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates which contains certified copies of certain proceedings of the City, customary certificates of officers, agents and representatives of the City and other public officials and other certified showings relating to the authorization and issuance of the Certificates. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the “Service”) as we have deemed relevant. We have also examined executed Certificate No. I-1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION that the transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective, and that therefore the Certificates constitute valid and legally binding obligations of the City, and that taxable property within the City is subject to the levy of ad valorem taxes, within the limits prescribed by law, to pay the Certificates and the interest thereon.

IT IS OUR FURTHER OPINION that the revenues available from the operation of the City's water and sewer system (the "System") after the payment of operation and maintenance expenses of the System and debt service payable from gross revenues or net revenues of the System, if any, as well as any other payments, costs or expenses designated in an ordinance authorizing the issuance of System revenue obligations (the "Surplus Revenues") are also pledged to the payment of the principal of and interest on the Certificates.

THE CITY has reserved the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Surplus Revenues, secured by a pledge of the Surplus Revenues that may be on a parity with, or junior and subordinate to the pledge of the Surplus Revenues securing the Certificates.

THE RIGHTS OF THE OWNERS of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION that, under existing law:

- (1) Interest on the Certificates is excludable from gross income for federal income tax purposes.
- (2) The Certificates are not "private activity bonds" within the meaning of the Code, and interest on the Certificates is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Certificates will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT or REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the City and the City's financial advisor, with respect to matters solely within the knowledge of the City and City's financial advisor, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Ordinance pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Certificates for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the City fails to comply with the foregoing provisions of the Ordinance, interest on the Certificates could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership, or disposition of the Certificates.

Owners of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income tax payers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Certificates).

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted in the Ordinance not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

GENERAL,

SIGNATURE

IDENTIFICATION

AND

NO - LITIGATION

CERTIFICATE

GENERAL, SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS §  
COUNTY OF MONTGOMERY §  
CITY OF MONTGOMERY §

We, the undersigned, Mayor and City Secretary, respectively, of the City of Montgomery, Texas (the “City”), hereby certify the following information:

1. This certificate relates to the \$1,730,000 City of Montgomery, Texas, Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017B, dated May 1, 2017 (the “Certificates”).

2. The City is duly incorporated under the general laws of the State of Texas and is operating as a Type A general-law municipality, with no special charter. The population of the City according to the 2010 U.S. Census is 612.

3. The members of the City Council and certain other officers of the City are as follows:

Kirk Jones	Mayor
Jon Bickford	Council Member
John Champagne	Council Member
T.J. Wilkerson	Council Member
Rebecca Huss	Council Member
Dave McCorquodale	Council Member

4. Susan Hensley is the City Secretary and Jack Yates is the City Administrator of the City.

5. The total principal amount of the presently outstanding indebtedness of the City payable from ad valorem taxes is \$ \_\_\_\_\_, which includes the Certificates.

6. According to the tax rolls of the City for the year 2016, which are the latest approved tax rolls of the City, the total assessed value of property subject to ad valorem taxation by the City is \$ \_\_\_\_\_.

7. The City is not in default in the payment of principal or interest on any of its outstanding obligations.

8. A true and correct copy of the debt service schedule for the Certificates and all other outstanding indebtedness of the City payable from ad valorem taxes is attached hereto as Exhibit A.

9. The surplus revenues of the City's water and sewer system (the "System") for the previous three fiscal years are as follows:

2016: \$ \_\_\_\_\_  
2015: \$ \_\_\_\_\_  
2014: \$ \_\_\_\_\_

10. Neither the revenues nor the properties of the System are in any way pledged or hypothecated other than the pledge of the net or surplus revenues of the System to the payment of the following obligations of the City:

Tax and Revenue Certificates of Obligation, Series 2012;  
Tax and Revenue Certificates of Obligation, Series 2017A; and  
the Certificates.

11. The rates currently in effect for the services of the System are attached hereto as Exhibit B.

12. Certificate proceeds will not be used for a purpose previously rejected by voters at a bond election held during the preceding three years.

13. With respect to the contracts contained within the transcript of proceedings for the Bonds, all disclosure filings and acknowledgments required by Section 2252.908, Texas Government Code, and the rules of the Texas Ethics Commission related to said provision, has been made.

14. No litigation of any nature has been filed or is now pending to restrain or enjoin the issuance and delivery of the Certificates or which would affect the provisions made for their payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Certificates, and so far as we know and believe, no such litigation is threatened.

15. Neither the corporate existence nor boundaries of the City nor the title of its present officers to their respective offices is being contested, and so far as we know and believe, no litigation is threatened regarding such matters, and no authority or proceedings for the issuance of the Certificates have been repealed, revoked or rescinded.

16. There has not been filed or presented to the City Secretary or the City Council any petition protesting, challenging or otherwise questioning the issuance of the Certificates.

17. The ordinance authorizing the Certificates was duly adopted by City Council on April 11, 2017.

16. The undersigned Mayor and City Secretary officially executed and signed the Certificates, including the Initial Certificate delivered to the initial purchaser of the Certificates, by manually executing the Certificates or by causing facsimiles of our manual signatures to be imprinted or copied on each of the Certificates, and we hereby adopt said manual or facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of the Certificates.

17. The Certificates, including the Initial Certificate delivered to the initial purchaser of the Certificates, are substantially in form, and have been duly executed and signed in the manner, prescribed in the Ordinance. We have caused the official seal of the City to be impressed, or printed, or copied on each of the Certificates, and said seal on the Certificates has been duly adopted as, and is hereby declared to be, the official seal of the City.

18. At the time we so executed and signed the Certificates, we were, and at the time of executing this certificate, we are the duly chosen, qualified and acting officers indicated therein, and authorized to execute the same.

19. The Attorney General is hereby authorized and directed to date this certificate concurrently with the date of approval of the Certificates, and can rely on the absence of any litigation or contest pertaining to the Certificates or any other matters covered by this certificate, and on the veracity and currency of this certificate at the time of approval of the Certificates, unless otherwise notified.

*[Signature Page to Follow]*

EXECUTED AND DELIVERED ON \_\_\_\_\_, 2017.

Manual Signatures

Official Titles

\_\_\_\_\_

Kirk Jones  
Mayor, City of Montgomery, Texas

\_\_\_\_\_

Susan Hensley  
City Secretary, City of Montgomery, Texas

STATE OF TEXAS           §  
COUNTY OF MONTGOMERY   §

Before me, on the \_\_\_\_ day of April, 2017, 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 April \_\_\_\_, 2017.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

*Signature Page to General, Signature Identification and No-Litigation Certificate*



**EXHIBIT A**  
**DEBT SERVICE SCHEDULE**

[To Come]

**EXHIBIT B**  
**WATER AND SEWER RATES**  
**[To Come]**

LETTER

TO

ATTORNEY GENERAL

CITY OF MONTGOMERY, TEXAS

April 11, 2017

Attorney General of Texas  
Public Finance Division  
William P. Clements Building  
300 West 15<sup>th</sup> Street, 7<sup>th</sup> Floor  
Austin, Texas 78701

Comptroller of Public Accounts  
Thomas Jefferson Rusk Building  
208 East 10<sup>th</sup> Street, Room 448  
Austin, Texas 78201

Re: City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017B

To the Attorney General:

The executed Initial Certificate for the captioned series has been or soon will be delivered to you for examination and approval. In connection therewith, enclosed is a General Certificate executed and completed except as to date. When the Initial Certificate has received your approval and is ready for delivery to the Comptroller of Public Accounts (the “Comptroller”) for registration, this letter will serve as your authority to insert the date of your approval in the General Certificate and deliver the Initial Certificate to the Comptroller.

Should litigation in any way affecting such Certificates develop, the undersigned will notify you at once by telephone and telecommunication. You may be assured, therefore, that there is no such litigation at the time the Initial Certificate is finally approved by you, unless you have been advised otherwise.

To the Comptroller:

The approved Initial Certificate for the captioned series will be delivered to you by the Attorney General of Texas. You are hereby requested to register the Initial Certificate as required by law and by the proceedings authorizing such Initial Certificate.

Following registration, you are hereby authorized and directed to notify and deliver the Initial Certificate to Bracewell LLP, Houston, Texas, which has been instructed to pick up the Initial Certificate at your office.

Please deliver to Bracewell LLP, Houston, Texas, four (4) copies of each of the following:

1. Attorney General’s approving opinion; and
2. Comptroller’s signature certificate.

Very truly yours,

CITY OF MONTGOMERY, TEXAS

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

*Signature Page to Letter of Instructions  
to Attorney General of the State of Texas and Comptroller of Public Accounts*

CERTIFICATE  
OF ESCROW AGENT

CERTIFICATE OF ESCROW AGENT RELATING TO AUTHORITY OF OFFICERS AND SIGNATURE IDENTIFICATION

I, the undersigned officer of BOK FINANCIAL (the “Bank”), do hereby execute and deliver this certificate for the benefit of the Attorney General of the State of Texas and the purchasers of, and all other persons interested in the validity of the \$1,730,000 CITY OF MONTGOMERY, TEXAS, TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017B (the “Certificates”), and I do hereby certify as follows:

1. That I am the duly chosen, qualified and acting officer of the Bank for the office shown beneath my signature and I am duly authorized to execute and deliver this certificate.

2. That attached as Exhibit “A” to this certificate is a certified copy of the Bank's resolution, in full force and effect as of the date of this certificate, relating to the corporate authority of the Bank to enter into a certain Escrow Agreement by and between the Bank and the City of Montgomery, Texas, for the purpose of creating an escrow fund for the issuance of the Certificates, and designating the officer of the Bank authorized to execute such Escrow Agreement.

3. That the following is the duly elected, qualified and acting officer of the Bank having the authority to act for and in the name of the Bank as set forth in Exhibit “A” and that the signature set opposite their name is their true and correct signature:

NAME

TITLE

SIGNATURE

\_\_\_\_\_

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Bank as of the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

BOK FINANCIAL

By \_\_\_\_\_

Title \_\_\_\_\_

(SEAL)

FEDERAL  
TAX  
CERTIFICATE



## FEDERAL TAX CERTIFICATE

I, the undersigned officer of the City of Montgomery, Texas (the “City”), make this certification for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest to be paid on the City’s \$1,090,000 Tax and Surplus Revenue Certificates of Obligation, Series 2017A (the “Series 2017A Certificates”) and \$1,730,000 Tax and Surplus Revenue Certificates of Obligation, Series 2017B (the “Series 2017B Certificates” and, together with the Series 2017A Certificates, the “Certificates”). I do hereby certify as follows in good faith as of the hereinafter defined Issue Date of the Certificates:

1. **Definitions.** Each capitalized term used in this Federal Tax Certificate has the meaning ascribed to such term below or has the meaning or is the amount, as the case may be, specified for such term in this Federal Tax Certificate or in Exhibits to this Federal Tax Certificate and for all purposes hereof has the meaning or is the amount therein specified. All such terms defined in the Code or Regulations that are not defined herein shall for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

“**Authorizing Document**” means, collectively, the Series 2017A Authorizing Document and the Series 2017B Authorizing Document.

“**Board**” means the Texas Water Development Board.

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

“**Favorable Opinion of Bond Counsel**” means an opinion of nationally recognized bond counsel to the effect that an action, or omission of an action, will not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Certificates.

“**Financial Advisor**” means U.S. Capital Advisors, LLC.

“**Gross Proceeds**” means any Proceeds and any Replacement Proceeds.

“**Interest and Sinking Fund**” means, collectively, the Series 2017A Interest and Sinking Fund and the Series 2017B Interest and Sinking Fund.

“**Investment Proceeds**” is defined in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

**“Issuance Costs”** means costs to the extent incurred in connection with, and allocable to, the issuance of obligations within the meaning of section 147(g) of the Code. For example, Issuance Costs include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

**“Issue Date”** means, with respect to an issue of obligations, the first date on which an issuer receives the purchase price in exchange for delivery of the evidence of indebtedness representing any obligation.

**“Issue Price”** means the “issue price” as defined in sections 1273 and 1274 of the Code, unless otherwise provided in sections 1.148-0 through 1.148-11 of the Regulations and, with respect to the Certificates, represents the price paid by the Board for the Certificates.

**“Net Proceeds”** means Proceeds, less any Proceeds invested in a “reasonably required reserve or replacement fund,” as described in section 148 of the Code.

**“Pre-Issuance Accrued Interest”** is defined in section 1.148-1(b) of the Regulations and, generally, means amounts representing interest that accrued on an obligation for a period not greater than one year before its Issue Date but only if those amounts are paid within one year after the Issue Date.

**“Proceeds”** is defined in section 1.148-1(b) of the Regulations and, generally, means any Sale Proceeds and Investment Proceeds.

**“Project”** means each separate project financed by the Certificates.

**“Projects”** means, collectively, the Series 2017A Project and the Series 2017B Project.

**“Project Fund”** means, collectively, the Series 2017A Project Fund and the Series 2017B Project Fund.

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

**“Replacement Proceeds”** has the meaning set forth in section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue or obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

**“Sale Proceeds”** is defined in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters’ discount or compensation and accrued interest other than Pre-Issuance Accrued Interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in section 1.148-4(b)(4) of the Regulations.

**“Series 2017A Authorizing Document”** means the ordinance adopted by the City on April 11, 2017, for purposes of authorizing the issuance of the Series 2017A Certificates.

**“Series 2017A Interest and Sinking Fund”** means the “City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A Interest and Sinking Fund” created pursuant to the Series 2017A Authorizing Document.

**“Series 2017A Project Fund”** means the “City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A Project Fund” created pursuant to the Series 2017A Authorizing Document.

**“Series 2017A Project”** means the improvements to the City’s sanitary sewer system, including the construction of improvements to and the expansion and equipment of Lift Station No. 1, the construction of improvements to and relocation of the force main for Lift Station No. 3, and the replacement of existing lift pumps.

**“Series 2017B Authorizing Document”** means the ordinance adopted by the City on April 11, 2017, for purposes of authorizing the issuance of the Series 2017B Certificates.

**“Series 2017B Interest and Sinking Fund”** means the “City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017B Interest and Sinking Fund” created pursuant to the Series 2017B Authorizing Document.

**“Series 2017B Project Fund”** means the “City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017B Project Fund” created pursuant to the Series 2017B Authorizing Document.

**“Series 2017B Project”** means the improvements to the City’s water system, including the construction of improvements to and the expansion and equipment of Water Plant No. 3, and the construction of improvements to and the expansion and replacement of water distribution lines.

**“Stated Redemption Price at Maturity”** means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest based on a fixed rate and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the debt instrument).

**“TWDB Bonds”** means the Board’s [ ] Bonds, Series [ ].

**“Weighted Average Maturity”** has the meaning ascribed to it in the “Weighted Average Maturity” paragraph of this Federal Tax Certificate.

“Yield” on (a) an issue of obligations has the meaning set forth in section 1.148-4 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal and interest to be paid on the obligation produces an amount equal to the Issue Price of such issue and (b) any investment has the meaning set forth in section 1.148-5 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal and interest to be paid on the investment produces an amount equal to all payments for the investment.

2. Responsible Officer. I am the duly chosen, qualified and acting officer of the City for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this Federal Tax Certificate on behalf of the City. I am the officer of the City charged, along with other officers of the City, with responsibility for issuing the Certificates.

3. Code and Regulations. I am aware of the provisions of sections 141, 148, 149 and 150 of the Code and the Regulations heretofore promulgated under sections 141, 148, 149 and 150 of the Code. This Federal Tax Certificate is being executed and delivered pursuant to sections 1.141-1 through 1.141-15, 1.148-0 through 1.148-11, 1.149(b)-1, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Regulations.

4. Reasonable Expectations. The facts and estimates that are set forth in this Federal Tax Certificate are accurate. The expectations that are set forth in this Federal Tax Certificate are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. In connection with this Federal Tax Certificate, the undersigned has to the extent necessary reviewed the certifications set forth herein with other representatives of the City as to such accuracy and reasonableness. The undersigned has also relied, to the extent appropriate, on representations set forth in (a) the Certificate of the Financial Advisor attached hereto as Exhibit A and (b) the Certificate of the Board attached hereto as Exhibit B. The undersigned is aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of such documents.

5. Description of Governmental Purpose. The City is issuing the Certificates pursuant to the Authorizing Document for the purposes of funding (a) the Projects as described more fully in the Authorizing Document and (b) the Issuance Costs of the Certificates. The primary purpose of each transaction undertaken in connection with the issuance of the Certificates is a bona fide governmental purpose.

6. Texas Water Development Board. The Certificates will be sold to the Board at a price of par. As set forth in Exhibit B attached hereto, the Certificates will be purchased out of the Proceeds allocable to the TWDB Bonds, which were issued by the Board on [\_\_\_\_\_]. The Issuer has been informed that the Yield on the TWDB Bonds is equal to [\_\_\_\_\_] percent.

7. Amount and Expenditure of Sale Proceeds of the Certificates.

(a) Amount of Sale Proceeds. The City sold the Certificates to the Board for \$2,820,000. The Sale Proceeds of the Certificates represent the Stated Redemption Price at Maturity of the Certificates.

(b) Expenditure of Sale Proceeds. The Sale Proceeds of the Certificates will be expended as follows:

(i) The amount of \$\_\_\_\_\_ will be disbursed to pay Issuance Costs of the Certificates.

(ii) The amount of \$\_\_\_\_\_ will be deposited in the Project Fund and is expected to be disbursed to pay or reimburse the costs of the Projects. The aggregate amount of the costs of the Projects is anticipated to exceed such amount. Any costs of the Projects not financed out of Proceeds of the Certificates will be financed out of the City's available funds.

(c) Reimbursement. Other than (i) the amount of \$100,000 and (ii) preliminary expenditures (i.e., architectural, engineering, surveying, soil testing, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of each Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction) not in excess of 20 percent of the Issue Price of the Certificates, no portion of the amount described in the "Amount and Expenditure of Sale Proceeds of the Certificates—Expenditure of Sale Proceeds" subparagraph above will be disbursed to reimburse the City for any expenditures made by the City prior to the date that is 60 days before the date of the Authorizing Document. The City expects to use Proceeds of the Certificates in the amount of \$[\_\_\_\_\_] to reimburse itself for expenditures paid prior to the Issue Date of the Certificates.

(d) No Working Capital. Except for an amount that does not exceed five percent of the Sale Proceeds of the Certificates (and that is directly related to capital expenditures financed by the Certificates), the City will only expend Proceeds of the Certificates for (i) costs that would be chargeable to the capital accounts of the Projects if the City's income were subject to federal income taxation; (ii) interest on the Certificates in an amount that does not cause the aggregate amount of interest paid on all of the Certificates to exceed that amount of interest on the Certificates that is attributable to the period that commences on the Issue Date of the Certificates and ends on the later of (A) the date that is three years from the Issue Date of the Certificates or (B) the date that is one year after the date on which the applicable Project is placed in service; and/or (iii) fees for a qualified guarantee of the Certificates or payment for a qualified hedge on the Certificates.

(e) No Overburdening. The Proceeds of the Certificates will not exceed the amount necessary to accomplish the governmental purposes of the Certificates and, in fact, are not expected to exceed by any amount the amount of Proceeds allocated to expenditures for the governmental purposes of the Certificates.

(f) Allocations and Accounting. The Proceeds of the Certificates will be allocated to expenditures not later than 18 months after the later of the date the expenditure is made or the date the applicable Project is placed in service, but in no event later than the date that is 60 days after the fifth anniversary of the Issue Date of the Certificates or the retirement of the last Certificate, if earlier. The allocation of Proceeds of the Certificates will be made by using a reasonable, consistently applied accounting method. No Proceeds of the Certificates will be allocated to any expenditure to which Proceeds of any other obligations have heretofore been allocated. The City will maintain records and documentation regarding the allocation of expenditures to Proceeds of the Certificates and the investment of Gross Proceeds of the Certificates for at least three years after the close of the final calendar year during which any Certificate is outstanding.

8. Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest on the Certificates.

9. Expenditure of Investment Proceeds. The best estimate of the City is that Investment Proceeds resulting from the investment of any Proceeds of the Certificates pending expenditure of such Proceeds for costs of the Projects will be retained in the Project Fund and disbursed to pay or reimburse costs of the Projects in addition to those described in the "Amount and Expenditure of Sale Proceeds of the Certificates" paragraph above.

10. Replacement Proceeds.

(a) No Sinking Funds. Other than the Interest and Sinking Fund, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Certificates.

(b) No Pledged Funds. Other than amounts in the Interest and Sinking Fund, there is no amount that is directly or indirectly pledged to pay principal or interest on the Certificates, or to a guarantor of part or all of the Certificates, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Certificates if the City encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Certificates.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Certificates because the City reasonably expects that the term of the Certificates will not be longer than is reasonably necessary for the governmental purposes of the Certificates. Furthermore, even if the Certificates were outstanding longer than necessary for the purpose of the Certificates, no Replacement Proceeds will arise because the City reasonably expects that no amounts will become available during the period that the Certificates remain outstanding longer than necessary based on the reasonable expectations of the City as to the amounts and timing of future revenues. The Certificates would be issued to achieve the governmental purpose of the Certificates independent of any arbitrage benefit as evidenced by the expectation that the Certificates reasonably would have been issued if the interest on the Certificates were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate).

(d) Weighted Average Economic Life. The Weighted Average Maturity of the Certificates is not greater than 120 percent of the weighted average estimated economic life of the portion of the Projects financed by the Certificates, determined in accordance with section 147(b) of the Code. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Certificates; (ii) the reasonably expected economic life of an asset was determined as of the later of the Issue Date of the Certificates or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); (iii) the economic lives used in making this determination are not greater than the reasonably expected economic useful lives of the Projects financed by the Certificates allowing for normal wear and tear and assuming prudent and customary maintenance; and (iv) land or any interest therein has not been taken into account in determining the average reasonably expected economic life of such Project, unless 25 percent or more of the Net Proceeds of the Certificates are to be used to finance land.

11. Yield on the Certificates. For the purposes of this Federal Tax Certificate, the Yield on the Certificates is the discount rate that, when used in computing the present value as of the Issue Date of the Certificates, of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Certificates, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Certificates as of the Issue Date of the Certificates. The Yield on both the Certificates and any investments allocable to the Certificates will be calculated by the same frequency interval of compounding interest. The Board has agreed to purchase all of the Certificates with Proceeds of the TWDB Bonds. Thus, for purposes of restricting the Yield on the investment of Gross Proceeds of the Certificates, when necessary, and for purposes of computing the amount rebatable to the federal government, if any, the City will utilize the Yield on the TWDB Bonds, as stated in the "Texas Water Development Board" paragraph.

12. Temporary Periods and Yield Restriction. As described in the "Yield on the Certificates" paragraph above, the Certificates will be purchased by the Board out of Proceeds of the TWDB Bonds, which were issued on the date stated in the "Texas Water Development Board" paragraph above. [Therefore, the Proceeds of the Certificates may be invested at an unrestricted Yield until three years following such date. The Board has instructed the City that all Proceeds remaining after three years after the date the Board's TWDB Bonds were issued must be invested at a Yield not "materially higher" than the Yield on the TWDB Bonds as described more fully in the "Yield on the Certificates" paragraph above.] The City has incurred, or will incur within three months of the Issue Date of the Certificates, a binding obligation to a third party that is not subject to any contingencies within the control of the City or a related party pursuant to which the City is obligated to expend at least five percent of the Sale Proceeds of the Certificates on the Projects. The City reasonably expects that work on or acquisition of the Projects will proceed with due diligence to completion and that the Proceeds of the Certificates will be expended on the Projects with reasonable dispatch. The City reasonably expects that 85 percent of the Sale Proceeds of the Certificates will have been expended on the Projects prior to the date that is three years after the Issue Date of the Certificates.

13. Funds.

(a) Interest and Sinking Fund. The proceeds from all taxes levied, assessed and collected for and on account of the Certificates are to be deposited in the Interest and Sinking Fund. The City expects that taxes levied, assessed and collected for and on account of the Certificates, plus any other amounts pledged to the payment of the Certificates pursuant to the Authorizing Document, will be sufficient each year to pay such debt service. All amounts that will be depleted at least once each bond year, except for a reasonable carryover amount not in excess of the greater of the earnings on such portion of the Interest and Sinking Fund for the immediately preceding bond year or one-twelfth of the principal and interest payments on the Certificates for the immediately preceding bond year, will constitute the bona fide debt service fund component of the Interest and Sinking Fund (the "Bona Fide Portion"). The Bona Fide Portion will be used primarily to achieve a proper matching of revenues and principal and interest payments on the Certificates within each bond year. Amounts held in the Bona Fide Portion will be invested at an unrestricted Yield because such amounts will be expended within 13 months of the date such amounts are received. The remaining portion of the Interest and Sinking Fund (the "Reserve Portion"), if any, will be treated separately for purposes of this Federal Tax Certificate.

Amounts on deposit from time to time in the Bona Fide Portion and the Reserve Portion are allocable between the Certificates and any other obligations of the City secured by the Interest and Sinking Fund on the basis of one of the methods set forth in section 1.148-6(e)(6) of the Regulations. The portion of the Reserve Portion allocable to the Certificates will not exceed at any time the least of (i) ten percent of the stated principal amount of the Certificates (or Sale Proceeds of the Certificates in the event that the amount of original issue discount exceeds two percent multiplied by the Stated Redemption Price at Maturity of the Certificates), (ii) the maximum annual principal and interest requirements of the Certificates, and (iii) 125 percent of average annual principal and interest requirements of the Certificates. Therefore, all amounts therein will be invested at an unrestricted Yield. Any amounts held in the Bona Fide Portion for longer than 13 months or held in the Reserve Portion in excess of the least of the amounts described above will be invested in obligations the Yield on which is not in excess of the Yield on the Certificates, except as set forth in the "Yield Reduction Payments" paragraph below.

(b) Project Fund. All of the Proceeds of the Certificates in the applicable Project Fund are expected to be invested and disbursed as described in the Authorizing Document and the "Temporary Periods and Yield Restriction Projects" paragraph of this Federal Tax Certificate; therefore, all of such amounts will be invested without regard to Yield restriction. Nevertheless, any such Proceeds not expended prior to the dates set forth in the "Temporary Periods and Yield Restriction" paragraph will be Yield restricted to the extent set forth in such paragraph.

14. Yield Reduction Payments. All Gross Proceeds of the Certificates will be invested in accordance with the "Temporary Periods and Yield Restriction" paragraph and the "Funds" paragraph above. To the extent such amounts remain on hand following the periods set forth in the "Temporary Periods and Yield Restriction" paragraph and the "Funds" paragraph above or exceed the limits set forth in the "Funds" paragraph above, the City will invest such amounts at a restricted Yield as set forth in such paragraphs; provided, that the City may satisfy



the Yield restriction requirements by making Yield reduction payments to the federal government in accordance with section 1.148-5(c) of the Regulations.

15. Issue. There are no other obligations that (a) are sold at substantially the same time as the Certificates (i.e., less than 15 days apart), (b) are sold pursuant to the same plan of financing with the Certificates, and (c) will be paid out of substantially the same source of funds as the Certificates.

16. Compliance With Rebate Requirements.

(a) General. The City has covenanted in the Authorizing Document that, if it does not qualify for an exception to the requirements of section 148(f) of the Code relating to the required rebate to the United States, it will take all steps necessary to comply with the requirement that “rebatale arbitrage earnings” on the investment of the Gross Proceeds of the Certificates be rebated to the United States. Specifically, the City will (i) maintain records regarding the investment of the Gross Proceeds of the Certificates as may be required to calculate such “rebatale arbitrage earnings” separately from records of amounts on deposit in the funds and accounts of the City that are allocable to other bond issues of the City or moneys that do not represent Gross Proceeds of any bonds of the City, (ii) determine at such intervals as may be required by applicable Regulations, the amount of “rebatale arbitrage earnings,” if any, earned from the investment of the Gross Proceeds of the Certificates and (iii) pay, not less often than every fifth anniversary date of the delivery of the Certificates and within 60 days following the final maturity of the Certificates, or on such other dates required or permitted by applicable Regulations, all amounts required to be rebated to the federal government. The City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Certificates that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s-length and had the Yield on the issue not been relevant to either party.

To comply with the rebate requirements set forth herein, the City will engage a firm with expertise in rebate requirements to perform the rebate computations.

(b) Two-Year Spending Exception. The City hereby makes the elections, if any, set forth below for purposes of the two-year spending exception from arbitrage rebate:

	DO NOT		
ELECT	ELECT	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

1. To use actual facts to apply the provisions of paragraphs (e) through (m) (excluding (f)(1)(i)) of section 1.148-7 of the Regulations. Section 1.148-7(f)(2) of the Regulations.

2. To exclude earnings on a reasonably required reserve or replacement fund from the definition of “available construction proceeds” for purposes of the spending requirements. Section 1.148-7(i)(2) of the Regulations.
3. To treat the Certificates as two, and only two, separate issues, one of which (i) meets the definition of a construction issue and (ii) is reasonably expected as of the Issue Date of the Certificates to finance all of the construction expenditures to be financed by the Certificates. Section 1.148-7(j)(1) of the Regulations.
4. To pay a penalty (the “1-1/2% penalty”) to the United States in lieu of the obligation to pay arbitrage rebate on “available construction proceeds” in the event that the Certificates fail to satisfy any of the semiannual spending requirements for the two-year rebate exception. Section 1.148-7(k)(1) of the Regulations.

The City reasonably expects that at least 75 percent of the “available construction proceeds” of the Certificates, within the meaning of section 1.148-7(i) of the Regulations, will be allocated to “construction expenditures,” within the meaning of section 1.148-7(g) of the Regulations, for property owned by the City.

Because the TWDB Bonds are a pooled financing issue, the two-year year period for the spending exception from arbitrage rebate began on [\_\_\_\_\_], the Issue Date of the TWDB Bonds, unless it is determined that the Board made an election under section 1.148-7(b)(6)(ii) of the Regulations with respect to the TWDB Bonds to have the rebate exceptions apply separately to each loan, in which case the two-year period will measured from the Issue Date of the Certificates.

17. Not an Abusive Transaction.

(a) General. No action taken in connection with the issuance of the Certificates will enable the City to (i) exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the Gross Proceeds of the Certificates over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Certificates are not invested in higher yielding investments over the term of the Certificates), and (ii) issue more bonds, issue bonds earlier, or allow bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Certificates. To the best of our knowledge, no actions have been taken in connection with the issuance of the Certificates other than actions that would have been taken to accomplish the governmental purposes of the Certificates if the interest on the Certificates were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Certificates).

(b) No Sinking Fund. No portion of the Certificates has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Certificates.

(c) No Window. No portion of the Certificates has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the City to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

18. No Arbitrage. On the basis of the foregoing facts, estimates and circumstances, it is expected that the Gross Proceeds of the Certificates will not be used in a manner that would cause any of the Certificates to be an “arbitrage bond” within the meaning of section 148 of the Code and the Regulations. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change such expectations.

19. No Private Use, Payments or Loan Financing.

(a) General. The City reasonably expects, as of the Issue Date of the Certificates, that no action or event during the entire stated term of the Certificates will cause either the “private business tests” or the “private loan financing test,” as such terms are defined in the Regulations, to be met.

(i) The aggregate portion of the Proceeds of the Certificates treated as used in a trade or business of a nongovernmental person will not exceed the lesser of (a) \$15,000,000 or (b) ten percent of the Proceeds of the Certificates. For purposes of determining use, the City will apply rules set forth in applicable Regulations and Revenue Procedures promulgated by the Internal Revenue Service, including, among others, the following rules: (A) any activity carried on by a person other than a natural person or a state or local governmental unit will be treated as a trade or business of a nongovernmental person, provided that, such use will be treated as general public use (and not use in a trade or business) if the property is intended to be available, and is in fact reasonably available, for use on the same basis by natural persons not engaged in a trade or business; (B) the use of all or any portion of the Projects is treated as the direct use of Proceeds of the Certificates; (C) a nongovernmental person will be treated as a private business user of Proceeds of the Certificates as a result of ownership, actual or beneficial use pursuant to a lease, or a management or incentive payment contract, or certain other arrangements such as a take-or-pay or other output-type contract; and (D) the private business use test is met if a nongovernmental person has special legal entitlements to use directly or indirectly the Projects.

(ii) The City has not taken and will not take any deliberate action that would cause or permit the use of any portion of any Project to change so that such portion will be deemed to be used in the trade or business of a nongovernmental person for so long as any of the Certificates remains outstanding (or until the City receives a Favorable Opinion of Bond Counsel). For this purpose, any action within the control of the City is treated as a deliberate action. A deliberate action occurs on the date the City enters into a

binding contract with a nongovernmental person for use of a Project that is not subject to any material contingencies.

(iii) Payments of the debt service on the Certificates will be paid from and secured by a generally applicable tax. For this purpose, a generally applicable tax is a tax (A) that is an enforced contribution exacted pursuant to legislative authority in the exercise of the taxing power that is imposed and collected for the purpose of raising revenue to be used for governmental purposes and (B) that has a uniform tax rate that is applied to all persons of the same classification in the appropriate jurisdiction using a generally applicable manner of determination and collection. No portion of the payment of the debt service on the Certificates will be directly or indirectly derived from payments (whether or not to the City or any related party) in respect of property, or borrowed money, used or to be used for a private business use. Furthermore, no portion of the payment of the debt service on the Certificates will be directly or indirectly secured by any interest in property used or to be used for a private business use or payments in respect of property used or to be used for a private business use.

(iv) Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City will not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be "loaned" to a person or entity if (A) property acquired, constructed or improved with Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (B) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (C) significant benefits and burdens of ownership of such Gross Proceeds or such property are otherwise transferred in a transaction that is the economic equivalent of a loan.

(b) Dispositions of Personal Property in the Ordinary Course. The City does not reasonably expect that it will sell or otherwise dispose of personal property components of the Projects other than in the ordinary course of an established governmental program that satisfies the following requirements:

(i) The Weighted Average Maturity of the portion of the Certificates financing personal property is not greater than 120 percent of the reasonably expected actual use of such personal property for governmental purposes;

(ii) The reasonably expected fair market value of such personal property on the date of disposition will be not greater than 25 percent of its cost;

(iii) Such personal property will no longer be suitable for its governmental purposes on the date of disposition; and

(iv) The City is required to deposit amounts received from such disposition in a commingled fund with substantial tax or other governmental revenues

and the City reasonably expects to spend such amounts on governmental programs within six months from the date of commingling.

Furthermore, the City will not sell or otherwise dispose of all or any portion of the Projects in circumstances in which the foregoing requirements are not satisfied unless it has received a Favorable Opinion of Bond Counsel.

(c) Other Agreements. The City will not enter into any agreement with any nongovernmental person regarding the use of all or any portion of the Projects during the stated term of the Certificates unless it has received in each and every case a Favorable Opinion of Bond Counsel; provided that, the City will not be required to obtain a Favorable Opinion of Bond Counsel with respect to (i) any contracts for services that are solely incidental to the primary governmental function or functions of a Project (e.g., contracts for janitorial or similar services), (ii) any contract for services if the only compensation is the reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties; or (iii) any contract related to use of a Project by a member of, and on the same basis as, the general public, so long as the term of such contract is not greater than 200 days.

20. Weighted Average Maturity. The Weighted Average Maturity of the Certificates set forth on Exhibit A attached hereto is the sum of the products of the Issue Price of each group of identical Certificates and the number of years to maturity (determined separately for each group of identical Certificates and taking into account mandatory redemptions), divided by the aggregate Sale Proceeds of the Certificates.

21. Record Retention. The City will retain all pertinent and material records relating to the use and expenditure of the Proceeds of the Certificates and the calculation or exemption from rebate until three years after the last Certificate is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the City to retrieve and reproduce such books and records in the event of an examination of the Certificates by the Internal Revenue Service.

22. Registration. The Certificates will be issued in registered form.

23. Certificates are Not Hedge Bonds. Not more than 50 percent of the Proceeds of the Certificates will be invested in nonpurpose investments (as defined in section 148(f)(6)(A) of the Code) having a substantially guaranteed Yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code. Further, the City reasonably expects that at least 85 percent of the spendable Proceeds of the Certificates will be used to carry out the governmental purposes of the Certificates within the three-year period beginning on the Issue Date of the Certificates.

EXECUTED as of this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

CITY OF MONTGOMERY, TEXAS

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

*Signature Page to Federal Tax Certificate*

City of Montgomery, Series 2017A & B (TWDB)

## EXHIBIT A

### CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of U.S. Capital Advisors, LLC (the “Financial Advisor”), make this certificate for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest on the City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A and Tax and Surplus Revenue Certificates of Obligation, Series 2017B (collectively, the “Certificates”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Federal Tax Certificate to which this Exhibit A is attached (the “Federal Tax Certificate”). I hereby certify as follows as of the Issue Date of the Certificates:

1. I am the duly chosen, qualified and acting officer of the Financial Advisor for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Financial Advisor. I am the officer of the Financial Advisor who has worked with representatives of the City in structuring the financial terms of the Certificates.

2. The Financial Advisor computed the Weighted Average Maturity of the Certificates to be [\_\_\_\_\_] years, as set forth in the “Weighted Average Maturity” paragraph of the Federal Tax Certificate.

3. To the best of my knowledge the statements set forth in the “Not an Abusive Transaction” paragraph of the Federal Tax Certificate are true.

The City may rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Certificates from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Certificates as excludable from gross income for federal income tax purposes and the preparation of the Internal Revenue Service Form 8038-G.

[EXECUTION PAGE FOLLOWS]

Exhibit A-1

EXECUTED as of this \_\_\_\_ day of \_\_\_\_\_, 2017.

U.S. CAPITAL ADVISORS, LLC

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

*Signature Page to Certificate of Financial Advisor*



**EXHIBIT B**

**ISSUE PRICE CERTIFICATE**

I, the undersigned duly authorized representative of the Texas Water Development Board, a governmental agency of the State of Texas (the "Board"), make this certificate with respect to the purchase of \$2,820,000 in aggregate principal amount of obligations designated as City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A and Tax and Surplus Revenue Certificates of Obligation, Series 2017B (collectively, the "Certificates"). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Federal Tax Certificate to which this Exhibit B is attached. I hereby certify as follows as of the Issue Date of the Certificates:

1. The Board is the purchaser of the Certificates from the City of Montgomery, Texas (the "City").
2. The purchase price (expressed as a percentage of the principal amount and exclusive of accrued interest) for the Certificates of each maturity is 100 percent of the stated principal amount thereof.
3. The Certificates will be purchased with Proceeds of the Board's [Bond Caption] (the "Board Bonds") which were issued by the Board on [Board Bond Issue Date].
4. The Yield on the Board Bonds is equal to [Board Bonds Yield] percent.
5. The Board has made no bona fide offering of any of the Certificates to the public, and is acquiring the Certificates with no present intention of resale.

The undersigned understands that the statements made herein will be relied upon by the City its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended, with respect to the exclusion of interest on the Certificates from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Certificates as excludable from gross income for federal income tax purposes and the preparation of the Internal Revenue Service Form 8038-G.

EXECUTED AND DELIVERED to be effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

TEXAS WATER DEVELOPMENT BOARD

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit B-1

CITY

RESOLUTION

AUTHORIZING NOTICE

~~MATTER~~

OF INTENT TO  
ISSUE

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

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS, AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION FOR WATER SYSTEM PROJECTS; AND APPROVING OTHER MATTERS INCIDENTAL THERETO

THE STATE OF TEXAS           §  
COUNTY OF MONTGOMERY   §  
CITY OF MONTGOMERY       §

WHEREAS, the City Council of the City of Montgomery, Texas (the “City”) deems it advisable to issue certificates of obligation (the “Certificates”) in accordance with the notice hereinafter set forth; and

WHEREAS, it is hereby found and determined that the meeting at which this resolution is considered is open to the public as required by law, and public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code; NOW, THEREFORE

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS:

Section 1. The findings, determinations, definitions and recitations set out in the preamble to this resolution are found to be true and correct and are hereby adopted by City Council and made a part hereof for all purposes.

Section 2. The City Secretary is hereby authorized and directed to cause to be published in the manner required by law and in substantially the form attached hereto as Exhibit A, a notice of the City’s intention to issue the Certificates (the “Notice”).

Section 3. The Notice shall be published once a week for two (2) consecutive weeks in a newspaper which is of general circulation in the City, the date of the first publication to be at least thirty-one (31) days before the date tentatively set in the Notice for the passage of the ordinance authorizing the issuance of the Certificates.

Section 4. The City reasonably expects to reimburse itself for costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof and that are to be paid in connection with the projects listed in Exhibit A (the “Financed Project”) from proceeds of the Certificates.

Section 5. The City reasonably expects that the maximum principal amount of obligations issued to reimburse the City of the costs associated with the Financed Project will be \$2,000,000.

Section 6. The Mayor, City Secretary and other officers and agents of the City are hereby authorized and directed to do any and all things necessary or desirable to carry out the provisions of this resolution.

Section 7. This resolution shall take effect immediately upon its passage.

[Execution Page to Follow]

PASSED AND APPROVED on this the 24<sup>th</sup> day of January, 2017.

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Mayor, City of Montgomery, Texas

ATTEST:

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City Secretary, City of Montgomery, Texas

(SEAL)

EXHIBIT A

NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION

NOTICE IS HEREBY GIVEN that the City Council of the City of Montgomery, Texas (the "City"), will meet at the City of Montgomery City Hall, 101 Old Plantersville Road, Montgomery, Texas at 6:00 p.m. on the 28<sup>th</sup> day of March, 2017, which is the time and place tentatively set for the passage of an ordinance and such other action as may be deemed necessary to authorize the issuance of the City's certificates of obligation, in the maximum aggregate principal amount not to exceed \$2,000,000, payable from ad valorem taxes and a pledge of a lien on surplus revenues of the City's water and sewer system, bearing interest at any rate or rates not to exceed the maximum interest rate now or hereafter authorized by law, as shall be determined within the discretion of the City Council of the City at the time of issuance of the certificates of obligation, and maturing over a period not to exceed forty years from the date of issuance, for the purposes of evidencing the indebtedness of the City for all or any part of the costs associated with improvements to the City's water system, including (i) the construction of improvements to and the expansion and equipment of Water Plant No. 3, (ii) the construction of improvements to and the expansion and replacement of water distribution lines, and (iii) the costs of professional services incurred in connection therewith.

WITNESS MY HAND AND THE OFFICIAL SEAL OF THE CITY, this 24<sup>th</sup> day of January, 2017.

Susan Hensley  
City Secretary  
City of Montgomery, Texas

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS    §  
COUNTY OF HARRIS    §

I, the undersigned officer of the City Council of the City of Montgomery, Texas, hereby certify as follows:

1.     The City Council of the City of Montgomery, Texas, convened in a regular meeting on the 24<sup>th</sup> day of January, 2017, at the regular meeting place thereof, within said City, and the roll was called of the duly constituted officers and members of said City Council, to wit:

Kirk Jones	Mayor
Jon Bickford	Council Member, Position 1
John Champagne	Council Member, Position 2
T.J. Wilkerson	Council Member, Position 3
Rebecca Huss	Council Member, Position 4
Dave McCorquodale	Council Member, Position 5

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

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

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS, AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION FOR WATER SYSTEM PROJECTS; AND APPROVING OTHER MATTERS INCIDENTAL THERETO

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

AYES: \_\_\_\_\_ Members shown present voted "Aye."

NOES: \_\_\_\_\_ Members shown present voted "No."

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

SIGNED AND SEALED this 24<sup>th</sup> day of January, 2017.

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City Secretary  
City of Montgomery, Texas

[SEAL]



# TIMETABLE OF ISSUANCE

**CITY OF MONTGOMERY, TEXAS**  
**\$1,090,000 CERTIFICATES OF OBLIGATIONS, SERIES 2017A (CWSRF)**  
**\$1,730,000 CERTIFICATES OF OBLIGATIONS, SERIES 2017B (DWSRF)**

Draft  
1/31/2017

COUNCIL MEETS 2<sup>ND</sup> & 4<sup>TH</sup> TUESDAY OF THE MONTH (6:00PM)

**Tentative Timetable of Events**

AUGUST - 2016						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

OCTOBER						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24/31	25	26	27	28	29

NOVEMBER						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

DECEMBER						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JANUARY - 2017						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

MARCH						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

APRIL						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24	25	26	27	28	29

MAY						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Complete By	Day	Event	Parties
August 23	Tuesday	City Council Meeting to approve the Resolution requesting financial assistance from the Texas Water Development Board ("TWDB").	C

August 25	Thursday	Deadline for Applications to be declared 'Administratively Complete' by the TWDB.	All
October 28	Friday	City advertises Request for Proposals ("RFP") for professional services to satisfy procurement requirements.	C
November 28	Monday	RFP responses due.	C
December 13	Tuesday	City Council Meeting to consider RFP responses and select firms for professional services.	C
<b><u>2017</u></b>			
January 10	Tuesday	City Council Meeting to consider an ordinance to adopt the Water Conservation Plan.	
January 24	Tuesday	City Council approves the Notice of Intent ("NOI") to issue Certificates of Obligation, Series 2017 A & B (the "Certificates").	C, BC, FA
January 30	Monday	City provides NOI to Conroe Courier for publication.	C, BC
February 1	Wednesday	City publishes first NOI in the Conroe Courier.	C
February 8	Wednesday	The City publishes second NOI.	C
March 9	Thursday	Texas Water Development Board ("TWDB") approves the Clean Water and Drinking Water State Revolving Fund ("CWSRF" and "DWSRF") loan commitments. (9:30am)	TWDB
March 10	Friday	Bond Counsel provides documents to the TWDB 30 days prior to sale	BC
March 28	Tuesday	City Council Meeting to adopt a motion postponing the adoption of the Ordinance(s) for the CWSRF and DWSRF loan commitments and approval for the adoption at the City Council meeting to be held on April 11, 2017.	C, BC, FA
April 5	Wednesday	Apply for CUSIPs.	FA
April 5	Wednesday	TWDB provides final interest rates for the Certificates.	TWDB, FA
April 11	Tuesday	Sale date. City Council Meeting to adopt and approve the Ordinances authorizing the Certificates.	C, BC, FA
April 12	Wednesday	Distribute draft Closing Memorandum.	FA
April 12	Wednesday	Transcript to the Attorney General.	BC
May 3	Wednesday	Provide all documents for closing to the TWDB.	ALL
May 11	Thursday	Deliver Certificates.	C, BC

**Legend**

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City of Montgomery  
Bracewell LLP  
US Capital Advisors LLC  
Texas Water Development Board

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Issuer (C)  
Bond Counsel (BC)  
Financial Advisor (FA)  
Purchaser (TWDB)

Montgomery City Council  
**AGENDA REPORT**

ITEM# 6

<b>Meeting Date: April 11, 2017</b>	<b>Budgeted Amount:</b>
<b>Department:</b>	
<b>Prepared By: Jack Yates City Administrator</b>	
<b>Date Prepared: April 7, 2017</b>	<b>Exhibits:</b> Ordinance, <i>Private Placement Memo., Escrow Agreement, Paying Agent Agreement, Bond Counsel Opinion, General Certificate, A/G Letter, Escrow Agent Certificate</i>

**Subject**

This is to adopt an ordinance in order to borrow funds from the TWDB as Certificates of Obligation

**Discussion**

The Bond Attorney, Jonathon Frels wrote the following explanation of this item:

**Ordinance Authorizing the Issuance of City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017B; Levying a Tax and Pledging Surplus Revenues of the Water and Sewer System in Payment Thereof; And Enacting Other Provisions Relating Thereto (the "Series 2017B Ordinance")**

The Series 2017B Ordinance contains the terms and conditions for the City's loan from the Texas Water Development Board for following projects: improvements to the City's water system, including the construction of improvements to and the expansion and equipment of Water Plant No. 3, the construction of improvements to and the expansion and replacement of water distribution lines, and the costs of professional services incurred in connection therewith (collectively, the "Project").

The Series 2017B Ordinance approves the sale of \$1,730,000 of Certificates of Obligation to the Texas Water Development Board to evidence the loan for the Project. The Series 2017B ordinance also accomplishes the following in connection with finalizing the loan: (i) the pledge and levy of an ad valorem tax and the pledge of surplus revenues of the City's water and sewer system in payment of the obligations, (ii) the approval of a Paying Agent/Registrar Agreement with BOK Financial; (iii) the approval of an Escrow Agreement with BOK Financial, who will hold the certificate proceeds and release them in connection with the draw schedules approved by the TWDB, (iv) the approval of a private placement memorandum describing the transaction, and (v) the approval of a continuing disclosure undertaking requiring the filing of annual financial and operating information of the City and notices of specified events.

- Federal Tax Certificate
- ~~M~~ Notice of Intent
- Timetable

Montgomery City Council  
**AGENDA REPORT**

The adoption of the Series 2017B Ordinance is required as part of the process of borrowing funds from the TWDB. Following the approval of the Series 2017B Ordinance, bond counsel will submit a transcript of proceedings to the Office of the Attorney General for review and approval. The financial advisor and bond counsel will also work with the transaction parties to satisfy the conditions for closing and delivery of funds on May 11.

Mr. Frels will be present at the meeting.

**Recomendation**

Approve the ordinance as presented.

**Approved By**

City Administrator

Jack Yates

Date: April 7, 2017

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

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF MONTGOMERY, TEXAS, TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017A; AUTHORIZING EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT RELATING TO SUCH CERTIFICATES; PRESCRIBING THE FORM OF SAID CERTIFICATES; LEVYING A TAX AND PLEDGING SURPLUS REVENUES OF THE WATER AND SEWER SYSTEM IN PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO

THE STATE OF TEXAS           §  
COUNTY OF MONTGOMERY   §  
CITY OF MONTGOMERY       §

WHEREAS, the City Council of the City of Montgomery, Texas (the "City"), authorized the publication of a notice of intention to issue certificates of obligation to the effect that the City Council would meet on March 28, 2017 to adopt an ordinance and take such other action as may be deemed necessary to authorize the issuance of certificates of obligation payable from City ad valorem taxes and from a pledge of and lien on the surplus revenues of the City's water and sewer system, for the purpose of evidencing the indebtedness of the City for all or any part of the costs associated with the construction and equipment of wastewater system improvements and the cost of professional services incurred in connection therewith; and

WHEREAS, such notice was published at the times and in the manner required by the Constitution and laws of the State of Texas, particularly Subchapter C, Chapter 271, Texas Local Government Code, as amended; and

WHEREAS, at the meeting on March 28, 2017, which was open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, the City Council adopted a motion to postpone the adoption of the ordinance authorizing the issuance of certificates of obligation until April 11, 2017; and

WHEREAS, no petition or other request has been filed with or presented to any official of the City requesting that any of the proceedings authorizing such Certificates be submitted to a referendum or other election; and

WHEREAS, the City is authorized to make the pledge of Surplus Revenues (as defined herein) pursuant to Chapter 1502, Texas Government Code; and

WHEREAS, the City is now authorized and empowered to proceed with the issuance and sale of the Certificates, and has found and determined that it is necessary and in the best interests of the City and its citizens that it issue the Certificates in accordance with the terms and provisions of this Ordinance; and

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

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

1. Recitals. It is hereby found and determined that the matters and facts set out in the preamble to this Ordinance are true and correct and incorporated herein for all purposes.

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

“Act” means Chapter 271, Texas Local Government Code, as amended.

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

“Blanket Issuer Letter of Representations” means the Blanket Issuer Letter of Representations between the City, the Paying Agent/Registrar and DTC.

“Bond Counsel” means Bracewell LLP.

“Business Day” means any day which is not a Saturday, Sunday, or a day on which the Paying Agent/Registrar is authorized by law or executive order to close, or a legal holiday.

“Certificate” or “Certificates” means the City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A authorized in this Ordinance, unless the context clearly indicates otherwise.

“City” means the City of Montgomery, Texas.

“Code” means the Internal Revenue Code of 1986, as amended.

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

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

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

“Escrow Agent” means BOK Financial, Austin, Texas, and its successors and assigns, or such other escrow agent as may be approved by the Mayor or Mayor Pro Tem and acceptable to the TWDB.



“Escrow Agreement” means the escrow agreement by and between the City and the Escrow Agent pertaining to the deposit of the proceeds of the Certificates.

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

“Initial Certificate” means the Initial Certificate authorized by Section 6(d) of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund for payment of the Certificates established by the City in Section 18 of this Ordinance.

“Interest Payment Date”, when used in connection with any Certificate, means September 1, 2017 and each March 1 and September 1 thereafter until maturity.

“Issuance Date”, with respect to the Certificates initially delivered to the TWDB, shall mean the date on which each such Certificate is authenticated by the Paying Agent/Registrar and delivered to and paid for by the TWDB. Certificates delivered on transfer of or in exchange for other Certificates shall bear the same Issuance Date as the Certificate or Certificates in lieu of or in exchange for which the new Certificate is delivered.

“MSRB” means the Municipal Securities Rulemaking Board.

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

“Owner” means any person who shall be the registered owner of any outstanding Certificate.

“Paying Agent/Registrar” means BOK Financial, Austin, Texas, and its successors in that capacity.

“Project” means the improvements to the City’s sanitary sewer system, including the construction of improvements to and the expansion and equipment of Lift Station No. 1, the construction of improvements to and relocation of the force main for Lift Station No. 3, the replacement of existing lift pumps, and the costs of professional services incurred in connection therewith.

“Project Fund” shall mean the project fund established by the City pursuant to Section 27 of this Ordinance.

“Record Date” means, for any Interest Payment Date, the fifteenth day of the month next preceding such Interest Payment Date.

“Register” means the books of registration kept by the Paying Agent/Registrar in which are maintained the names and addresses of and the principal amounts registered to each Owner.

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

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

“Surplus Revenues” means the revenues available after the payment of operation and maintenance expenses of the System and the debt service payable from gross revenues or net revenues of the System, if any, as well as any other payments, costs or expenses designated in an ordinance authorizing the issuance of System revenue obligations.

“System” means the City’s water and sewer system.

“TWDB” means the Texas Water Development Board.

3. Authorization. The Certificates shall be issued pursuant to the Act in fully registered form, without coupons, in the total authorized principal amount of \$1,090,000 for the purpose of evidencing the indebtedness of the City for all or any part of the costs associated with the Project.

4. Designation and Date. The Certificates shall be designated as the “CITY OF MONTGOMERY, TEXAS, TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017A,” and shall be dated May 1, 2017. The Certificates shall bear interest at the rates set out in Section 5 of this Ordinance, from the later of the Issuance Date or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months.

5. Initial Certificates; Numbers and Denominations. The Certificates shall be issued in the principal amounts and bearing interest at the rates set forth in the following schedule, and may be transferred and exchanged as set out in this Ordinance. The Certificates shall mature on March 1 in each of the years and in the amounts set out in such schedule. The Initial Certificate shall be numbered I-1 and all other Certificates shall be numbered in sequence beginning with R-1. Certificates delivered on transfer of or in exchange for other Certificates shall be numbered in order of their authentication by the Paying Agent/Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Certificate or Certificates in lieu of which they are delivered.

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2018	\$ 55,000		2028	\$ 60,000	
2019	55,000		2029	60,000	
2020	55,000		2030	60,000	
2021	55,000		2031	60,000	
2022	55,000		2032	60,000	

2023	55,000	2033	60,000
2024	55,000	2034	60,000
2025	55,000	2035	60,000
2026	55,000	2036	60,000
2027	55,000		

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

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

(c) Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Paying Agent/Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. In lieu of the executed Registrar's Authentication Certificate described above, the Initial Certificate delivered at the Issuance Date shall have attached hereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by his duly authorized agent, which certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) On the Issuance Date, the Initial Certificate, being a single certificate representing the entire principal amount of the Certificates, payable in stated installments to the TWDB or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro Tem and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller, shall be delivered to the TWDB or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver definitive Certificates to DTC.

7. Payment of Principal and Interest. The Paying Agent/Registrar is hereby appointed as the initial paying agent for the Certificates. The principal of the Certificates shall

be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they become due and payable at the principal payment office of the Paying Agent/Registrar in Austin, Texas. The interest on each Certificate shall be payable by check mailed by the Paying Agent/Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register; provided, however, that for so long as the TWDB is the Owner of the Certificates, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB.

If the date for payment of the principal of or interest on any Certificate is not a Business Day, then the date for such payment shall be the next succeeding Business Day, with the same force and effect as if made on the original date payment was due.

8. Successor Paying Agent/Registrars. The City covenants that at all times while any Certificates are outstanding it will provide a commercial bank or trust company, organized under the laws of the United States or any which is duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. The City reserves the right to change the Paying Agent/Registrar on not less than 45 days written notice to the Paying Agent/Registrar, so long as any such notice is effective not less than 45 days prior to the next succeeding principal or interest payment date on the Certificates. Promptly upon the appointment of any successor Paying Agent/Registrar, the previous Paying Agent/Registrar shall deliver the Register or copies thereof to the new Paying Agent/Registrar, and the new Paying Agent/Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

9. Special Record Date. If interest on any Certificate is not paid on any Interest Payment Date and continues unpaid for 30 days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Paying Agent/Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the City. Such Special Record Date shall be 15 days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Owner of record as of the close of business on the day prior to the mailing of such notice.

10. Ownership; Unclaimed Principal and Interest. The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Certificate is registered as the absolute Owner of such Certificate for the purpose of making payment of principal or interest on such Certificate, and for all other purposes, whether or not such Certificate is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Certificate in accordance with this Section shall be valid and effectual and shall discharge

the liability of the City and the Paying Agent/Registrar upon such Certificate to the extent of the sums paid.

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

11. Registration, Transfer, and Exchange. So long as any Certificates remain outstanding, the Paying Agent/Registrar shall keep the Register at its principal payment office in Austin, Texas and, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Certificates in accordance with the terms of this Ordinance. The Issuance Date of each Certificate originally delivered to and paid for by the TWDB shall be recorded in the Register.

Each Certificate shall be transferable only upon the presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar in Austin, Texas, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Certificate for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, within three (3) Business Days after such presentation, a new Certificate or Certificates, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity, aggregate principal amount, and Issuance Date, bearing interest at the same rate as the Certificate or Certificates so presented.

All Certificates shall be exchangeable upon presentation and surrender thereof at the principal payment office of the Paying Agent/Registrar in Austin, Texas, for a Certificate or Certificates of the same maturity, Issuance Date, and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Certificate or Certificates presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Certificates in accordance with the provisions of this Section. Each Certificate delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such Certificate is delivered.

The City or the Paying Agent/Registrar may require the Owner of any Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Certificate. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the City.

12. Mutilated, Lost, or Stolen Certificates. Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Certificate, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Certificate of like maturity, Issuance Date, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Certificate is lost, apparently destroyed, or wrongfully taken, the City, pursuant to the applicable

laws of the State of Texas and in the absence of notice or knowledge that such Certificate has been acquired by a bona fide purchaser, shall authorize and the Paying Agent/Registrar shall authenticate and deliver a replacement Certificate of like maturity, Issuance Date, interest rate and principal amount, bearing a number not contemporaneously outstanding.

The City or the Paying Agent/Registrar may require the Owner of a mutilated Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Paying Agent/Registrar.

The City or the Paying Agent/Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Certificate, before any replacement Certificate is issued, to:

- (1) furnish to the City and the Paying Agent/Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Certificate;
- (2) furnish such security or indemnity as may be required by the Paying Agent/Registrar and the City to save them harmless;
- (3) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that may be imposed; and
- (4) meet any other reasonable requirements of the City and the Paying Agent/Registrar.

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

If any such mutilated, lost, apparently destroyed or wrongfully taken Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a replacement Certificate, authorize the Paying Agent/Registrar to pay such Certificate.

Each replacement Certificate delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such replacement Certificate is delivered.

13. Cancellation of Certificates. All Certificates paid in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the

making of proper records regarding such payment. The Paying Agent/Registrar shall furnish the City with appropriate certificates of destruction of such Certificates.

14. Book-Entry System. The Initial Certificates shall be delivered against payment to the TWDB. The TWDB shall be required to promptly surrender the Initial Certificates to the Paying Agent/Registrar for exchange. Certificates issued in exchange shall be registered in the name of Cede & Co., as nominee of DTC, as registered owner of the Certificates, and held in the custody of DTC. Unless otherwise requested by DTC, a single certificate will be issued and delivered to DTC for each maturity of the Certificates. Beneficial owners of Certificates will not receive physical delivery of Certificates except as provided hereinafter. For so long as DTC shall continue to serve as securities depository for the certificates as provided herein, all transfers of beneficial ownership interest will be made by book-entry only, and no investor or other party purchasing, selling or otherwise transferring beneficial ownership of Certificates is to receive, hold or deliver any Certificate.

With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC participant or any person on whose behalf a DTC participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any DTC participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC participant or any other person, other than a registered owner of the Certificates, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, and (iii) the payment of any DTC participant or any other person, other than a registered owner of the Certificates, as shown on the Register, of any amount with respect to principal of or premium, if any, or interest on the Certificates.

Replacement Certificates may be issued directly to beneficial owners of Certificates other than DTC, or its nominee, but only in the event that (i) DTC determines not to continue to act as securities depository for the Certificates (which determination shall become effective no less than 90 days after written notice to such effect to the City and the Paying Agent/Registrar); or (ii) the City has advised DTC of its determination (which determination is conclusive as to DTC and the beneficial owners of the Certificates) that the interests of the beneficial owners of the Certificates might be adversely affected if such book-entry only system of transfer is continued. Upon occurrence of any of the foregoing events, the City shall use its best efforts to attempt to locate another qualified securities depository. If the City fails to locate another qualified securities depository to replace DTC, the City shall cause to be authenticated and delivered replacement Certificates, in certificate form, to the beneficial owners of the Certificates. In the event that the City makes the determination noted in (ii) above (provided that the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the City to make any such determination), and has made provisions to notify the beneficial owners of Certificates of such determination by mailing an appropriate notice to DTC, it shall cause to be issued replacement Certificates in certificate form to beneficial owners of the Certificates as shown on the records of DTC provided to the City.

Whenever, during the term of the Certificates, the beneficial ownership thereof is determined by a book entry at DTC, the requirements in this Ordinance of holding, delivering or transferring Certificates shall be deemed modified to require the appropriate person or entity to meet the requirements of DTC as to registering or transferring the book entry to produce the same effect.

If at any time, DTC ceases to hold the Certificates as securities depository, all references herein to DTC shall be of no further force or effect.

Before the City can discontinue the book-entry-only system of registration through DTC, notice must be given to the TWDB and prior written consent of the TWDB must be received by the City.

15. Optional Redemption; Defeasance. (a) The Certificates are subject to optional redemption as set forth in the Form of Certificate in this Ordinance.

Principal amounts may be redeemed only in integral multiples of \$5,000. If a Certificate subject to redemption is in a denomination larger than \$5,000, a portion of such Certificate may be redeemed, but only in integral multiples of \$5,000. Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Certificate or Certificates of like maturity, Issuance Date, and interest rate in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered.

Notice of any redemption identifying the Certificates to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail, postage prepaid, to the Owner of each Certificate to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Certificates are to be surrendered for payment and, if less than all Certificates outstanding of a particular maturity are to be redeemed, the numbers of the Certificates or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Certificates or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Certificates have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Certificates or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Certificate or portion thereof called for redemption shall terminate on the date fixed for redemption.

The City reserves the right, in the case of a redemption, to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying



Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificate subject to conditional redemption and such redemption has been rescinded shall remain outstanding.

(b) The Certificates may be discharged, defeased, redeemed or refunded in any manner now or hereafter permitted by law.

16. Forms. The form of the Certificates, including the form of the Paying Agent/Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller shall be, respectively, substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Ordinance:

(a) Form of Certificate.

UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTY OF MONTGOMERY

REGISTERED  
NUMBER

\_\_\_\_\_

REGISTERED  
DENOMINATION

\$ \_\_\_\_\_

CITY OF MONTGOMERY, TEXAS  
TAX AND SURPLUS REVENUE  
CERTIFICATE OF OBLIGATION  
SERIES 2017A

INTEREST RATE:	MATURITY DATE:	DATED DATE:	ISSUANCE DATE:	CUSIP NO.:
_____%	_____, 20__	May 1, 2017	April 11, 2017	_____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

THE CITY OF MONTGOMERY, TEXAS (the "City") promises to pay to the registered owner identified above, or registered assigns, on the maturity date specified above, upon presentation and surrender of this Certificate at BOK Financial (the "Paying Agent/Registrar"), at its principal payment office in Austin, Texas, the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360-day year of twelve 30-day months, from the later of the Issuance Date identified above, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Certificate is payable by check on March 1 and September 1, beginning on September 1, 2017, mailed to the registered owner as shown on the books of registration kept by the Paying Agent/Registrar as of the last business day of the month next preceding each interest payment date; provided, however, that for so long as the Texas Water Development Board ("TWDB") is the Owner of the Certificates, all payments of principal and interest will be made in wire transfer form at no cost to the TWDB.

THIS CERTIFICATE is dated May 1, 2017 and is one of a series of fully registered certificates specified in the title hereof issued in the aggregate principal amount of \$1,090,000 (herein referred to as the "Certificates"), for the purpose of evidencing the indebtedness of the City for all or any part of the costs associated with the construction and equipment of wastewater system improvements and the cost of professional services incurred in connection therewith, issued in accordance with the Constitution and laws of the State of Texas, particularly Subchapter C, Chapter 271, Texas Local Government Code, as amended, pursuant to an ordinance duly adopted by the City Council of the City (the "Ordinance"), which Ordinance is of record in the official minutes of the City Council.

THE CITY RESERVES THE RIGHT to redeem Certificates maturing on and after March 1, 2028, prior to their scheduled maturities, in whole or from time to time in part, in inverse order of maturity, in integral multiples of \$5,000, on September 1, 2027, or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. Reference is made to the Ordinance for complete details concerning the manner of redeeming the Certificates.

NOTICE OF ANY REDEMPTION shall be given at least 30 days prior to the date fixed for redemption by first class mail, addressed to the registered owner of each Certificate to be redeemed in whole or in part at the address shown on the books of registration kept by the Paying Agent/Registrar. When Certificates or portions thereof have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THE CITY RESERVES THE RIGHT, in the case of a redemption, to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the

redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a bond of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to conditional redemption and such redemption has been rescinded shall remain outstanding.

THIS CERTIFICATE is transferable only upon presentation and surrender at the principal payment office of the Paying Agent/Registrar in Austin, Texas, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Ordinance.

THIS CERTIFICATE is exchangeable at the principal payment office of the Paying Agent/Registrar in Austin, Texas, for certificates in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

THIS CERTIFICATE shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Certificate is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Paying Agent/Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Certificate, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Ordinance.

THE CITY has covenanted in the Ordinance that it will at all times provide a legally qualified paying agent/registrar for the Certificates and will cause notice of any change of paying agent/registrar to be mailed to each registered owner.

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

IT IS FURTHER certified, recited and represented that the Surplus Revenues (as defined in the Ordinance) to be derived from the operation of the City's System (as defined in the Ordinance), are pledged to the payment of the Certificates. The City reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Surplus Revenues, secured by a pledge of the Surplus Revenues that may be on a parity with, or junior and subordinate to the pledge of Surplus Revenues securing the Certificates.

IN WITNESS WHEREOF, this Certificate has been signed with the manual or facsimile signature of the Mayor or Mayor Pro Tem of the City and countersigned with the manual or facsimile signature of the City Secretary of the City, and the official seal of the City has been duly impressed, or placed in facsimile, on this Certificate.

\_\_\_\_\_  
City Secretary  
City of Montgomery, Texas

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

[SEAL]

(b) Form of Registration Certificate of Comptroller.

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

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

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

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

(SEAL)

\_\_\_\_\_  
<sup>1</sup> Delete if the Mayor executes the Certificates.

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

AUTHENTICATION CERTIFICATE

It is hereby certified that this Certificate has been delivered pursuant to the Ordinance described in the text of this Certificate.

BOK Financial  
as Paying Agent/Registrar

By: \_\_\_\_\_  
Authorized Signature

Date of Authentication: \_\_\_\_\_

(d) Form of Assignment.

ASSIGNMENT

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

\_\_\_\_\_

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

\_\_\_\_\_

(Please insert Social Security or Taxpayer Identification Number of Transferee)

the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

attorney to transfer said Certificate on the books kept for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

Signature Guaranteed:

\_\_\_\_\_

Registered Owner

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Certificate in every particular, without any alteration, enlargement or change whatsoever.

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

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

(i) immediately under the name of the Certificate, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As Shown Below" and the words "CUSIP NO." deleted;

(ii) in the first paragraph of the Certificate, the words "on the maturity date specified above" and "at the rate shown above" shall be deleted and the following shall be inserted at the end of the first sentence "..., with such principal to be paid in installments on February 1 in each of the years and in the principal amounts identified in the following schedule and with such installments bearing interest at the per annum rates set forth in the following schedule:"

[Information to be inserted from schedule in Section 5]

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

17. CUSIP Numbers. CUSIP Numbers may be printed on the Certificates, but errors or omissions in the printing of such numbers shall have no effect on the validity of the Certificates.

18. Interest and Sinking Fund; Tax Levy. The proceeds from all taxes levied, assessed and collected for and on account of the Certificates authorized by this Ordinance shall be deposited, as collected, in a special fund to be designated "City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A Interest and Sinking Fund". While the Certificates or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby levied and there shall be annually levied, assessed and collected in due time, form and manner, and at the same time other City taxes are levied, assessed and collected, in each year, a continuing direct annual ad valorem tax, within the limits prescribed by law, upon all taxable property in the City sufficient to pay the current interest on the Certificates as the same becomes due, and to provide and maintain a sinking fund adequate to pay the principal of the Certificates as such principal matures, but never less than two percent (2%) of the original principal amount of the Certificates each year, full allowance being made for delinquencies and costs of collection, and such taxes when collected shall be applied to the payment of the interest on and principal of the Certificates and to no other purpose.

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

19. Pledge of Revenues.

(a) The Surplus Revenues to be derived from the operation of the System are hereby pledged to the payment of the principal of and interest on the Certificates as the same come due.

The City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Surplus Revenues, secured by a pledge of the Surplus Revenues that may be on a parity with, or junior and subordinate to the pledge of Surplus Revenues securing the Certificates.

(b) While the Certificates are outstanding, the City will at all times maintain sufficient rates and charges for the payment of the maintenance and operation expenses of the System and, to the extent that ad valorem taxes are not available for such purpose, the City will at all times maintain sufficient rates and charges to produce revenues not less than 1.10 times the annual debt service obligations of all outstanding obligations of the City secured in whole or in part by the Surplus Revenues of the System for which the City is budgeting to make payments from Surplus Revenues, for the payment of debt service on the Certificates. Upon the written request of the TWDB, the City shall provide documentation that evidences the levy of ad valorem taxes for the payment of debt service on the Certificates or information demonstrating that the City has budgeted Surplus Revenues of the system or other lawfully available revenues sufficient for the payment of debt service on the Certificates.

(c) If System revenues are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, the amount of taxes that otherwise would have been required to be levied may be reduced to the extent and by the amount of revenues then on deposit in the Interest and Sinking Fund.

(d) If the City does not levy taxes in any year as provided in Section 18 and Section 19(c) above, the City shall transfer and deposit in the Interest and Sinking Fund each month an amount of not less than 1/12th of the annual debt service on the Certificates until the amount on deposit in the Interest and Sinking Fund equals the amount required for annual debt service on the Certificates and the City shall not transfer any funds from the City water and sewer fund to any fund other than the Interest and Sinking Fund until such times as an amount equal to the annual debt service on the Certificates for the then current fiscal year has been deposited in the Interest and Sinking Fund.

(e) Each year that the Certificates are outstanding, and prior to the time taxes are to be levied for such year, the City shall establish, adopt, and maintain an annual budget that provides for the monthly deposit of sufficient Surplus Revenues, the monthly deposit of any other legally available funds on hand at the time of the adoption of the annual budget, the deposit of tax revenues, or a combination thereof, into the Interest and Sinking Fund for the payment of debt service on the Certificates.

20. Application of Chapter 1208, Government Code. Chapter 1208, Government Code, applies to the issuance of the Certificates and the pledge of the taxes and revenues granted by the City under Sections 18 and 19 of this Ordinance, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are outstanding and unpaid such that the pledge of the taxes and revenues granted by the City under Sections 18 and 19 of this Ordinance is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the

Certificates the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

21. Further Proceedings. After the Initial Certificate has been executed, it shall be the duty of the Mayor or Mayor Pro Tem of the City to deliver the Initial Certificate and all pertinent records and proceedings to the Attorney General of Texas, for examination and approval. After the Initial Certificate has been approved by the Attorney General, it shall be delivered to the Comptroller for registration. Upon registration of the Initial Certificate, the Comptroller (or a deputy lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein to be affixed or attached to the Certificates to be initially issued, and the seal of said Comptroller shall be impressed, or placed in facsimile, thereon.

22. Sale. The Certificates are hereby sold and shall be delivered to the TWDB, as soon as practicable after adoption of this Ordinance, at a price of par, subject to the approval of the Attorney General of Texas and Bond Counsel. At the time the Certificates are delivered to the TWDB, the City shall pay an origination fee to the TWDB equal to 1.85% (\$19,799) of the Project costs, in accordance with the rules of the TWDB. The Mayor or Mayor Pro Tem and other appropriate officers, agents and representatives of the City are hereby authorized to do any and all things necessary or desirable to provide for the issuance and delivery of the Certificates.

23. Books and Records. So long as any of the Certificates are outstanding the City covenants and agrees that it will keep proper books of record and account in which full, true and correct entries will be made of all transactions relating to the Certificates and the funds created pursuant to this Ordinance, and all books, documents and vouchers relating thereto shall at all reasonable times be made available for inspection upon request of any Owner.

24. Federal Income Tax Exclusion.

(a) General Tax Covenant. The City intends that the interest on the Certificates will be excludable from gross income for purposes of federal income taxation pursuant to Sections 103 and 141 through 150 of the Code, and the applicable regulations promulgated thereunder (the "Regulations"). The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Certificates to be includable in the gross income, as defined in Section 61 of the Code, of the holders thereof for purposes of federal income taxation or (ii) result in the violation of or failure to satisfy any provision of Section 103 and 141 through 150 of the Code and the applicable Regulations that is applicable to the Certificates. In particular, the City covenants and agrees to comply with each requirement of this Section 24; provided, however, that the City will not be required to comply with any particular requirement of this Section 24 if the City has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates or (ii) compliance with some other requirement set forth in this Section 24 will satisfy the applicable requirements of the Code, in which case compliance



with such other requirement specified in such Counsel's Opinion will constitute compliance with the corresponding requirement specified in this Section 24.

(b) No Private Use or Payment and No Private Loan Financing. The City will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "private activity bonds" within the meaning of Section 141 of the Code and the Regulations. The City covenants and agrees that it will make such use of the proceeds of the Certificates, including interest or other investment income derived from Certificate proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the bonds will not be "private activity bonds" within the meaning of Section 141 of the Code and the Regulations.

(c) No Federal Guarantee. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Certificates to be "federally guaranteed" within the meaning of Section 149(b) of the Code and the Regulations, except as permitted by Section 149(b)(3) of the Code and the Regulations.

(d) Certificates Are Not Hedge Bonds. The City covenants and agrees not to take any action, or knowingly omit to take any action, and has not knowingly omitted and will not knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Certificates to be "hedge bonds" within the meaning of Section 149(g) of the Code and the Regulations.

(e) No Arbitrage Covenant. The City will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, that the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and the Regulations. Moreover, the City covenants and agrees that it will make such use of the proceeds of the Certificates including interest or other investment income derived from Certificate proceeds, regulate investments of proceeds of the Certificates, and take such other and further action as may be required so that the Certificates will not be "arbitrage bonds" within the meaning of Section 148(a) of the Code and the Regulations, including, specifically, that no portion of the proceeds of the Certificate will be used to acquire or to replace funds which were used, directly or indirectly, to acquire Nonpurpose Investments (as defined in the Code and Regulations) which produce a yield materially higher than the yield on the TWDB's bonds that are issued to provide financing for the loan ("Source Series Bonds"), other than Nonpurpose Investments acquired with:

- (1) proceeds of the TWDB's Source Series Bonds invested for a reasonable temporary period of up to three (3) years after the issue date of the Source Series Bonds until such proceeds are needed for the facilities to be financed;

(2) amounts invested in a bona fide debt service fund, within the meaning of Section 1.148-1(b) of the Regulations; and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed the least of maximum annual debt service on the Certificates, 125% of average annual debt service on the Certificates, or 10% of the stated principal amount (or, in the case of a discount, the issue price) of the Certificates.

(f) Arbitrage Rebate. If the City does not qualify for an exception to the requirements of Section 148(f) of the Code, the City will take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the “gross proceeds” of the Certificates (within the meaning of Section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the City will (i) maintain records regarding the investment of the gross proceeds of the Certificates as may be required to calculate the amount earned on the investment of the gross proceeds of the Certificates separately from records of amounts on deposit in the funds and accounts of the City allocable to other bond issues of the City or moneys which do not represent gross proceeds of any Certificates of the City, (ii) calculate at such times as are required by the Regulations, the amount earned from the investment of the gross proceeds of the Certificates that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Certificates or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Certificates that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party. The City will exercise reasonable diligence to assure that no errors are made in the calculations of any amounts required to be rebated to the federal government, and, if such error is made, will discover and promptly correct such error within a reasonable time thereafter, including paying any interest and any penalty required by the Regulations.

(g) Information Reporting. The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Certificates are issued, an information statement concerning the Certificates, all under and in accordance with Section 149(e) of the Code and the Regulations.

(h) Record Retention. The City will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Certificates until three (3) years after the last Certificate is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval

system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the City to retrieve and reproduce such books and records in the event of an examination of the Certificates by the Internal Revenue Service.

(i) Registration. The Certificates will be issued in registered form.

(j) Continuing Obligation. Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of this Section 24 will survive the defeasance and discharge of the Certificates for so long as such matters are relevant to the exclusion from gross income of interest on the Certificates for federal income tax purposes.

(k) Source Series Bonds. The City covenants that neither the City nor a related party thereto will acquire any of the TWDB's Source Series Bonds in an amount related to the amount of the Certificates to be acquired from the City by the TWDB.

25. Qualified Tax-Exempt Obligations. The City hereby designates the Certificates as "qualified tax-exempt obligations" for purposes of Section 265(b) of the Code. In connection therewith, the City represents (a) that the aggregate amount of tax-exempt obligations issued by the City during calendar year 2017, including the Certificates, which have been designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code does not exceed \$10,000,000, and (b) that the reasonably anticipated amount of tax-exempt obligations which will be issued by the City during calendar year 2017, including the Certificates, will not exceed \$10,000,000. For purposes of this Section, the term "tax-exempt obligation" does not include "private activity bonds" within the meaning of Section 141 of the Code, other than "qualified 501(c)(3) bonds" within the meaning of Section 145 of the Code. In addition, for purposes of this Section, the City includes all entities which are aggregated with the City under the Code.

26. Escrow Agreement. To facilitate the delivery of and payment for the Certificates pending completion of review of plans and specifications, the City Council hereby authorizes an Escrow Agreement to be entered into by and between the City and the Escrow Agent, the terms and conditions of which are hereby approved, subject to such insertions, additions, and modifications as shall be necessary to comply with all applicable laws, regulations, and procedures and to carry out the intent and purposes of this Ordinance. The Mayor or Mayor Pro Tem and the City Secretary are authorized to execute and deliver such Escrow Agreement in multiple counterparts on behalf of the City.

27. Project Fund. There is hereby created and established a special fund of the City, to be known as the "City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A Project Fund", which shall be established at an official depository of the City and kept separate and apart from other funds of the City. The proceeds of the Certificates, shall be deposited in the escrow account for the Certificates that is maintained by the Escrow Agent for benefit of the City and TWDB under and as more specifically provided by the Escrow Agreement. Upon release from the escrow account, such proceeds shall be deposited and held in the Project Fund until used for authorized purposes. The proceeds of the Certificates, as received, shall be deposited in the Project Fund. Money on deposit in the Project Fund and all interest and income derived therefrom shall be used only for the purposes set forth in Section 3

of this Ordinance and to pay costs of issuance. Money on deposit in the Project Fund, may, at the option of the City, be invested as permitted by Texas law including, without limitation, the Public Funds Investment Act, Texas Government Code, Chapter 2256, and the Public Funds Collateral Act, Texas Government Code, Chapter 2257; provided that all such deposits and investments shall be made in such manner that the money required to be expended from the Project Fund will be available at the proper time or times.

28. Use of Proceeds. Certificate proceeds deposited in the Project Fund shall be timely and expeditiously used, in accordance with the schedule for the Project approved by the TWDB, and as may be amended from time to time.

29. TWDB Rules. In compliance with the published rules and regulations of the TWDB, the City covenants and agrees that upon final completion of the project to be financed with the proceeds of the Certificates, and if all or any portion of the Certificates shall be held by or on account of the TWDB or the State of Texas, the proper officials of the City shall render due and final accounting to the TWDB of the total cost of the Project and provide a copy of as-built plans for the Project. If, following completion of the Project, funds remain on hand in the Project Fund, or if the TWDB Executive Administrator (the "Executive Administrator") disapproves construction of any portion of the Project as not being in accordance with the plans and specifications, the City shall use any remaining funds for enhancements to the Project that are approved by the Executive Administrator, or, if no enhancements are authorized by the Executive Administrator, the City shall submit to the TWDB a final accounting and describe the proposed disposition of the any unused funds. If any funds are determined to be surplus funds remaining after the completion of the Project and the completion of a final accounting, such surplus funds shall be used for the following purposes, as approved by the Executive Administrator: (i) to redeem, in inverse order of or maturity, the Certificates owned by the TWDB or (ii) to be deposited by the City into the Interest and Sinking Fund and applied to the payment of the principal of and interest on the Certificates. Unless otherwise stated in the loan commitment of the TWDB with respect to the purchase of the Certificates, in determining the amount of available funds for constructing the Project to be financed, the City shall account for all monies in the Project Fund, including all loan funds extended by the TWDB, all other funds available from the Project as described in the Project engineer's sufficiency of funds statement required for closing the TWDB's loan and all interest earned by the City on money in the Project Fund. This requirement shall not be interpreted as prohibiting the TWDB from enforcing such other rights as it may have under law.

30. Outlay Reports. The City agrees to submit outlay reports with sufficient documentation on costs on a quarterly or monthly basis in accordance with TWDB outlay report guidelines.

31. Environmental Indemnification. The City shall not use proceeds from the sale of the Certificates for sampling, testing, removing or disposing of contaminated soils and/or media at the Project site. To the extent permitted by law, the City agrees to indemnify, hold harmless and protect the TWDB from any and all claims, causes of action or damages to the person or property of third parties arising from the sampling, analysis, transport, storage, treatment and disposition of any contaminated sewage sludge, contaminated sediments and/or contaminated

media that may be generated by the City, its contractors, consultants, agents, officials and employees as a result of activities relating to the Project.

32. Insurance. The City covenants that the Project will be kept continually insured against such perils in an amount sufficient to protect the TWDB's interest in the Project, to the extent that insurance is customarily carried by cities operating similar facilities in similar locations; provided, however, that the City shall not be required to maintain such insurance so long as builders risk insurance covering such facilities during the period of construction is in effect.

33. Compliance with Rules, Statutes and Determinations of the TWDB. The City covenants that it will comply with the TWDB's rules and relevant state statutes in connection with the sale of the Certificates to the TWDB and the use of the proceeds in connection with the Project approved by the TWDB. The City covenants to comply with the standard emergency discovery conditions for threatened and endangered species and cultural resources, as more fully specified in the final environmental finding of the Executive Administrator.

34. Compliance with Davis-Bacon and Federal Disadvantaged Business Enterprises Program. Laborers and mechanics employed by contractors and subcontractors for the Project shall be paid wages at rates not less than those prevailing on projects of a similar character in the locality in accordance with the Davis-Bacon Act, and the U.S. Department of Labor's implementing regulations. The City, all contractors, and all sub-contractors shall ensure that all Project contracts mandate compliance with the Davis-Bacon Act. All contracts and subcontracts for the construction of the Project carried out in whole or in part with Certificate proceeds shall insert in full in any contract in excess of \$2,000 the contracts clauses as provided by the TWDB. The City covenants to comply with all applicable State and federal procurement requirements, including the federal procurement requirements under the Disadvantaged Business Enterprises program.

35. Federal Funding Accountability and Transparency Act. The City shall provide the TWDB with all information required to be reported in accordance with the Federal Funding Accountability and Transparency Act of 2006, Pub. L. 109-282, as amended by Pub. L. 110-252. The City shall obtain a Data Universal Numbering System (DUNS) Number and shall register with System for Award Management (SAM), and maintain current registration at all times during which the Certificates are outstanding.

36. Use of Iron and Steel Products. The City covenants that it will abide by all applicable construction contract requirements related to the use of iron and steel products produced in the United States, as required by 31 TAC § 375.3, 33 U.S.C. § 1388, and related State Revolving Fund Policy Guidelines

37. Maintenance of Project Fund. The City covenants that it will maintain the Project Fund in accordance with generally accepted government accounting principles.

38. Continuing Disclosure Undertaking.

(a) Annual Reports. The City agrees to provide to the MSRB, in electronic format, accompanied by identifying information as prescribed by the MSRB, within six months after the end of each fiscal year, financial information and operating data with respect to the City of the general type included in the City's annual financial statements. The information will also include the audited financial statements of the City, if the City commissions an audit and it is completed within the required time. If the audit of such financial statements is not complete within such period, then the City will provide unaudited financial statements within such six month period to the MSRB, and audited financial statements if and when the audit report on such statements becomes available. Any financial statements so to be provided shall be prepared in accordance with the accounting principles the City may be required to employ from time to time pursuant to State law or regulation. All such information and operating data shall be provided to the MSRB, in an electronic format, accompanied by identifying information, as prescribed by the MSRB, and will be available via the Electronic Municipal Market Access ("EMMA") System at [www.emma.msrb.org](http://www.emma.msrb.org).

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

All such information and operating data may be provided to the MSRB in full in one or more documents, or may be included by specific reference to documents available to the public (including an Official Statement or other offering document, if it is available from the MSRB).

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

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

- (7) Modifications to rights of the holders of the Certificates, if material;
- (8) Certificate calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Certificates, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the City;

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

(13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) Appointment of successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material.

(c) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Certificates within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Texas law that causes Certificates no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby

undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

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

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

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

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, change in law, or change in the identity, nature, status or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Certificates in the original primary offering in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the outstanding Certificates consent to such amendment, or (b) any person unaffiliated with the City (such as nationally recognized Bond Counsel), determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. If any such amendment is made, the City will include in its next annual update an explanation in narrative form of the reasons for the amendment and its impact on the type of operating data or financial information being provided.

39. Delivery of Audit to TWDB. The City agrees to annually submit to the TWDB an audit prepared by a certified public accountant in accordance with the generally accepted accounting principles applicable to the City following the completion of such audit.

40. Private Placement Memorandum. The form and substance of the Private Placement Memorandum for the Certificates dated April 11, 2017, and any addenda, supplement or amendment thereto (the "Private Placement Memorandum"), presented to and considered at this meeting, are hereby in all respects approved and adopted. The proper officials of the City are hereby authorized to execute such Private Placement Memorandum as prescribed therein.



41. Appointment of Initial Paying Agent/Registrar; Paying Agent Registrar Agreement.

(a) BOK Financial, Austin, Texas, is hereby appointed as the initial Paying Agent/Registrar for the Certificates.

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

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

(d) The form of Paying Agent/Registrar Agreement setting forth the duties of the Paying Agent/Registrar is hereby approved, and the appropriate officials of the City are hereby authorized to execute such agreement for and on behalf of the City.

42. Maintenance, Termination and Replacement of Paying Agent/Registrar.

(a) At all times while any Certificates are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under this Section 41 of the Ordinance.

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

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

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

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

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

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

43. Remedies. The TWDB shall have all remedies available in law or equity with respect to the Certificates, and any provision of the Certificates that restricts or limits the TWDB's full exercise of these remedies shall be of no force and effect.

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

45. Related Matters. To satisfy in a timely manner all of the City's obligations under this Ordinance, the Mayor or Mayor Pro Tem, the City Secretary and all other appropriate officers and agents of the City are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms and purposes of this Ordinance.

46. Individuals Not Liable. No covenant, stipulation, obligation or agreement herein contained shall be deemed to be a covenant, stipulation, obligation or agreement of any member of City Council or agent or employee of City Council or of the City in his or her individual capacity and neither the members of City Council nor any officer thereof, nor any agent or employee of City Council or of the City, shall be liable personally on the Certificates, or be subject to any personal liability or accountability by reason of the issuance thereof.

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

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

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

*[Execution Page Follows]*

PASSED, APPROVED AND EFFECTIVE this 11<sup>th</sup> day of April, 2017.

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City Secretary  
City of Montgomery, Texas

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Mayor  
City of Montgomery, Texas

[SEAL]

*Signature Page to Ordinance Authorizing Issuance of City of Montgomery, Texas Tax and Surplus Revenue  
Certificates of Obligation, Series 2017A*

**CERTIFICATE FOR ORDINANCE**

THE STATE OF TEXAS     §  
COUNTY OF MONTGOMERY     §

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

1.     The City Council of the City of Montgomery, Texas, convened in a regular meeting on the 11<sup>th</sup> day of April, 2017, at the regular meeting place thereof, within said City, and the roll was called of the duly constituted officers and members of said City Council, to wit:

Kirk Jones	Mayor
Jon Bickford	Council Member, Position 1
John Champagne	Council Member, Position 2
T.J. Wilkerson	Council Member, Position 3
Rebecca Huss	Council Member, Position 4
Dave McCorquodale	Council Member, Position 5

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

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

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF MONTGOMERY, TEXAS, TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017A; AUTHORIZING EXECUTION AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT RELATING TO SUCH CERTIFICATES; PRESCRIBING THE FORM OF SAID CERTIFICATES; LEVYING A TAX AND PLEDGING SURPLUS REVENUES OF THE WATER AND SEWER SYSTEM IN PAYMENT THEREOF; AND ENACTING OTHER PROVISIONS RELATING THERETO

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

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

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

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

SIGNED AND SEALED this 11<sup>th</sup> day of April, 2017.

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City Secretary  
City of Montgomery, Texas

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Mayor  
City of Montgomery, Texas

[SEAL]

PRIVATE  
PLACEMENT  
MEMORANDUM

**PRIVATE PLACEMENT MEMORANDUM DATED April 11, 2017**

**NEW ISSUE BOOK-ENTRY-ONLY**

*On the date of initial delivery of the Certificates (defined below), Bond Counsel (shown on page i) will render its opinion substantially in the form attached in APPENDIX C - FORM OF OPINION OF BOND COUNSEL.*

**\$1,090,000**

**CITY OF MONTGOMERY, TEXAS**

**TAX AND SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2017A (the “Certificates”)**

**Dated: May 1, 2017**

**Due February 1, as shown in Appendix A**

Interest Date: Interest on the Certificates will be payable on March 1 and September 1 each year, commencing September 1, 2017 (each an “Interest Payment Date”). The Certificates will bear interest at the rates per annum set forth in “APPENDIX A – MATURITY SCHEDULE.”

Record Date: The fifteenth day of the calendar month immediately preceding the applicable Interest Payment Date.

Date Interest Accrues: Each Certificate shall bear interest from the Delivery Date thereof.

Redemption: The Certificates are subject to redemption prior to maturity as provided herein. See “THE CERTIFICATES - Redemption Provisions” herein.

Authorized Denominations: The Certificates are being issued as fully registered certificates in denominations of \$5,000, or any integral multiple thereof.

Paying Agent/Registrar: The paying agent/registrar (“Paying Agent/Registrar”) for the Certificates is BOK Financial, Austin, Texas.

Book-Entry-Only System Upon initial issuance, the ownership of the Certificates will be registered in the registration books of the Issuer kept by the Paying Agent/Registrar, in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”) to which principal, redemption premium, if any, and interest payments on the Certificates will be made. The purchasers of the Certificates will not receive physical delivery of bond certificates. Principal of, interest, and premium if any, on the Certificates will be payable at the designated office of the Paying Agent/Registrar in Austin, Texas as the same become due and payable.

Issuer: City of Montgomery, Texas.

Official Action: Ordinance authorizing the Certificates, adopted April 11, 2017.

Purpose: See “APPENDIX B - OFFICIAL ACTION.”

Security for the Certificates: See “APPENDIX B - OFFICIAL ACTION.”

Ratings: See “OTHER INFORMATION - Ratings”

Delivery Date: May 11, 2017

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**See “APPENDIX A - MATURITY SCHEDULE” for Principal Amounts, Maturities, Interest Rates, and Initial CUSIP Numbers**

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**CITY OF MONTGOMERY, TEXAS**

**Kirk Jones, Mayor**

**Jon Bickford, Council Member**

**John Champagne, Council Member**

**T.J. Wilkerson, Council Member**

**Rebecca Huss, Council Member**

**Dave McCorquodale, Council Member**

**Susan Hensley, City Secretary**

**Jack Yates, City Administrator**

Bracewell LLP, Bond Counsel

U.S. Capital Advisors, LLC, Financial Advisor

BOK Financial, Paying Agent/Registrar

Jones & Carter Inc., Project Engineer

BrooksCardiel, PLLC, Auditor

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**Private Placement Memorandum  
relating to**

**[\$1,090,000]**

**CITY OF MONTGOMERY, TEXAS**

**TAX AND SURPLUS REVENUE  
CERTIFICATES OF OBLIGATION, SERIES 2017A (the "Certificates")**

**INTRODUCTION**

This Private Placement Memorandum, including the cover page and appendices, contains brief descriptions of the Issuer, provides certain information with respect to the issuance of the Certificates by the Issuer pursuant to the constitution and laws of the State of Texas and the Ordinance of the City authorizing the Certificates (the "Official Action"), and summaries of certain provisions of the Certificates. Except as otherwise set forth herein, capitalized terms used but not defined in this Private Placement Memorandum have the meanings assigned to them in the Official Action. See "APPENDIX B – FORM OF OFFICIAL ACTION" attached hereto.

APPENDIX A contains the maturity schedule for the Certificates. APPENDIX B contains a copy of the Official Action and a description of the purpose for which the Certificates are being issued. APPENDIX C contains a copy of the proposed opinion of Bond Counsel with respect to the Certificates. The summaries of the documents contained in this Private Placement Memorandum are not complete or definitive, and every statement made in this Private Placement Memorandum concerning any provision of any document is qualified by reference to such document in its entirety.

**THE CERTIFICATES**

**General Description**

The Certificates are being issued in the aggregate principal amount set forth in APPENDIX A of this Private Placement Memorandum and will mature as described therein. The Certificates will be subject to redemption prior to maturity as described therein. The Certificates are being issued as fully registered certificates in denominations of \$5,000, or any integral multiple thereof. The Certificates will be dated May 1, 2017, and will mature on the dates and will bear interest from their Delivery Date at the rates per annum set forth in APPENDIX A - MATURITY SCHEDULE.

Interest on the Certificates is payable semiannually on each Interest Payment Date, and will be calculated on the basis of a 360-day year consisting of twelve 30 day months. Principal of and the redemption price with respect to the Certificates will be payable to the Owners upon presentation and surrender at the principal office of the Paying Agent/Registrar.

**Purpose**

See "APPENDIX B - FORM OF OFFICIAL ACTION."

**Authority for Issuance**

The Certificates are issued pursuant to the constitution and laws of the State of Texas, including particularly, Subchapter C, Chapter 271, Texas Local Government Code, as amended, and the Official Action adopted by the Issuer.

**Security for the Certificates**

See "APPENDIX B - FORM OF OFFICIAL ACTION."

## **Redemption Provisions**

The City reserves the right to redeem Bonds maturing on and after March 1, 2028, prior to their scheduled maturities, in whole or from time to time in part, in inverse order of maturity, in integral multiples of \$5,000, on September 1, 2027, or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. Reference is made to the Ordinance for complete details concerning the manner of redeeming the Bonds.

Principal amounts may be redeemed only in integral multiples of \$5,000. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a Bond or Bonds of like maturity, Issuance Date, and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

## **Notice of Redemption**

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Paying Agent/Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail, postage prepaid, to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed, plus accrued interest to the date fixed for redemption. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem the same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

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

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

## **Book-Entry-Only System**

The Certificates will be available only in book-entry form. Consequently, purchasers of ownership interests in the Certificates will not receive certificates representing their respective interests in the Certificates. This section describes how ownership of the Certificates is to be transferred and how the payments of principal of and interest on the Certificates are to be paid to and accredited by Depository Trust Company, New York, New York, ("DTC") while the Certificates are registered in its nominee name. *The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Private Placement Memorandum. The Issuer and the Financial Advisor believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

The Issuer cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission ("SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered security certificate will be issued for each maturity of the Certificates, and deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

## **TAX MATTERS**

### **Opinion**

Bond Counsel will deliver its opinion on the Delivery Date of the Certificates substantially in the form as attached in "APPENDIX C - FORM OF OPINION OF BOND COUNSEL."

## **OTHER INFORMATION**

### **Forward Looking Statements**

The statements contained in this Private Placement Memorandum, including the cover page, appendices, and any other information or documents provided by the Issuer, that are not purely historical, are forward-looking statements, including statements regarding the Issuer's expectations, hopes, intentions, or strategies regarding the future. Holders and beneficial owners of the Certificates have placed reliance on forward-looking statements. All forward looking statements included in this Private Placement Memorandum are based on information available to the Issuer on the date hereof. It is important to note that the Issuer's actual results could differ materially from those in such forward-looking statements.

### **Ratings and Municipal Bond Insurance**

No application has been made to any ratings agency or municipal bond insurance company for qualification of the Certificates for ratings or municipal bond insurance, respectively.

## LITIGATION

### General

On the date of delivery of the Certificates to the initial purchaser thereof, the Issuer will execute and deliver a certificate to the effect that, no litigation of any nature has been filed or is pending, as of that date, to restrain or enjoin the issuance or delivery of the Certificates or which would affect the provisions made for their payment or security or in any manner questioning the proceedings or authority concerning the issuance of the Certificates.

### The Issuer

There is no litigation, proceeding, inquiry, or investigation pending by or before any court or other governmental authority or entity (or, to the best knowledge of the Issuer, threatened) that adversely affects the power, authority or obligation of the Issuer to deliver the Certificates, the security for, or the validity of, the Certificates or the financial condition of the Issuer.

## CONTINUING DISCLOSURE OF INFORMATION

In the Official Action, the Issuer has made an agreement to provide certain information to the Municipal Security Rulemaking Board (the "MSRB") for the benefit of the holders and beneficial owners of the Certificates. The Issuer is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the Issuer will be obligated to provide certain updated financial information and operating data, and timely notice of specified material events, to the MSRB. SEE "APPENDIX B - FORM OF OFFICIAL ACTION."

### Compliance with Prior Undertakings

[To Come] [During the last five years, the Issuer has complied in all material respects with the its continuing disclosure agreements in accordance with SEC Rule 15c2-12. **OR** During the last five years, the Issuer has complied in all material respects with its continuing disclosure agreements except as follows:]

## MISCELLANEOUS

Any statements made in this Private Placement Memorandum involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Private Placement Memorandum nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Certificates.

The information contained above is neither guaranteed as to accuracy or completeness nor to be construed as a representation by the Issuer. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Private Placement Memorandum nor any sale made hereunder is to create, under any circumstances, any implication that there has been no change in the affairs of the Issuer from the date hereof.

The Private Placement Memorandum is submitted in connection with the sale of the securities referred to herein to the Texas Water Development Board on the Delivery Date and may not be reproduced or used, as a whole or in part, for any other purpose.

*[Remainder of Page Intentionally Left Blank]*

**ADDITIONAL INFORMATION**

The Private Placement Memorandum speaks only as of its date and the information contained herein is subject to change. Descriptions of the Certificates and the Official Action and any other agreements and documents contained herein constitute summaries of certain provisions thereof and do not purport to be complete.

CITY OF MONTGOMERY, TEXAS

\_\_\_\_\_  
Kirk Jones, Mayor

**APPENDIX A**

**MATURITY SCHEDULE**

**\$1,090,000**

**City of Montgomery, Texas**

**Tax and Surplus Revenue Certificates of Obligation, Series 2017A**

**CUSIP Prefix:**

<u>Year</u> <u>(March 1)<sup>(a)</sup></u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>CUSIP Suffix<sup>(b)</sup></u>
2018	\$ 55,000	____%	___
2019	55,000	____	___
2020	55,000	____	___
2021	55,000	____	___
2022	55,000	____	___
2023	55,000	____	___
2024	55,000	____	___
2025	55,000	____	___
2026	55,000	____	___
2027	55,000	____	___
2028	60,000	____	___
2029	60,000	____	___
2030	60,000	____	___
2031	60,000	____	___
2032	60,000	____	___
2033	60,000	____	___
2034	60,000	____	___
2035	60,000	____	___
2036	60,000	____	___

<sup>(a)</sup> The City reserves the right to redeem Bonds maturing on and after March 1, 2028, prior to their scheduled maturities, in whole or from time to time in part, in inverse order of maturity, in integral multiples of \$5,000, on September 1, 2027, or any date thereafter at par plus accrued interest on the principal amounts called for redemption to the date fixed for redemption. Reference is made to the Form of Official Action for complete details concerning the manner of redeeming the Bonds.

<sup>(b)</sup> CUSIP Numbers have been assigned to the Certificates by the CUSIP Global Services, managed by S&P Global Market Intelligence, on behalf of the American Bankers Association. CUSIP numbers are provided solely for the convenience of the purchaser of the Certificates. Neither the City nor the initial purchaser shall be responsible for the selection or correctness of the CUSIP Numbers set forth herein.



**APPENDIX B**  
**FORM OF OFFICIAL ACTION**  
**[Attached]**

**APPENDIX C**

**FORM OF OPINION OF BOND COUNSEL**

**[Attached]**

# ESCROW AGREEMENT

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## ESCROW AGREEMENT

THIS ESCROW AGREEMENT (the “Agreement”), made by and between CITY OF MONTGOMERY, TEXAS, a political subdivision of the State of Texas in Montgomery County, Texas, (the “City”), acting by and through BOKF, NA, as Escrow Agent (the “Escrow Agent”), together with any successor in such capacity;

### W I T N E S S E T H:

WHEREAS, pursuant to an Ordinance (the “Ordinance”) finally adopted on April 11, 2017, the City authorized the issuance of \$1,090,000 City of Montgomery, Texas Tax and Surplus Revenue Certificates of Obligation, Series 2017A (the “Certificates”) to obtain financial assistance from the Texas Water Development Board (the “TWDB”) for the purpose of evidencing the indebtedness of the City for all or any part of the costs associated with improvements to the City’s sanitary sewer system, including (i) the construction of improvements to and the expansion and equipment of Lift Station No. 1, (ii) the construction of improvements to and relocation of the force main for Lift Station No. 3, (iii) the replacement of existing lift pumps, and (iv) the costs of professional services incurred in connection therewith (the “Project”); and

WHEREAS, the Escrow Agent is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code, Chapter 404, Subchapter D and is otherwise qualified and empowered to enter into this Agreement, and hereby acknowledges its acceptance of the terms and provisions hereof; and

WHEREAS, a condition of the Certificates is the deposit of the proceeds of the Certificates (the “Proceeds”) in escrow subject to being withdrawn only with the approval of the Executive Administrator or another designated representative; provided, however, the Proceeds can be transferred to different investments so long as all parties hereto consent to such transfer;

NOW, THEREFORE, in consideration of the mutual agreements herein contained and in consideration of the amount of fees to be paid by the City to the Escrow Agent, as set forth on **EXHIBIT A**, the receipt of which is hereby acknowledged, and in order to secure the delivery of the Certificates, the parties hereto mutually undertake, promise and agree for themselves, their respective representatives and successors, as follows:

**SECTION 1: ESCROW ACCOUNTS.** Upon the delivery of the Certificates described above, the Proceeds identified under TWDB Commitment Number L1000604 shall be deposited to the credit of a special escrow accounts or escrow subaccount (the “Escrow Account”) maintained at the Escrow Agent on behalf of the City and the TWDB and shall not be commingled with any other accounts or with any other proceeds or funds. The Proceeds received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the City, and the Escrow Agent

shall have no right to title with respect thereto except as Escrow Agent under the terms of this Agreement.

The Escrow Account shall be entitled “City of Montgomery, Texas Certificates of Obligation, Series 2017A Texas Water Development Board L1000604 Escrow Account” and shall not be subject to warrants, drafts or checks drawn by the City but shall be disbursed or withdrawn to pay the costs of the Project for which the Certificates were issued or other purposes in accordance with the Ordinance and solely upon written authorization from the Executive Administrator or his/her designated representative. The Escrow Agent shall provide to the City and to the TWDB the Escrow Account bank statements upon request.

**SECTION 2: COLLATERAL.** All cash deposited to the credit of such Escrow Account and any accrued interest in excess of the amounts insured by the FDIC and remaining uninvested under the terms of this Agreement shall be continuously secured by a valid pledge of direct obligations of the United States of America or other collateral meeting the requirements of the Public Funds Collateral Act, Texas Government Code, Chapter 2257.

**SECTION 3: INVESTMENTS.** While the Proceeds are held in escrow, the Escrow Agent shall only invest escrowed Proceeds in investments that are authorized by the Public Funds Investment Act, Texas Government Code, Chapter 2256 (the “PFIA”). It is the City’s responsibility to direct the Escrow Agent to invest all public funds in a manner that is consistent not only with the PFIA but also with its own written investment policy.

**SECTION 4: DISBURSEMENTS.** The Escrow Agent shall not honor any disbursement from the Escrow Accounts, or any portion thereof, unless and until it has been supplied with written approval and consent by the Executive Administrator or his/her designated representative. However, no written approval and consent by the Executive Administrator shall be required if the disbursement involves transferring Proceeds from one investment to another within the Escrow Account provided that all such investments are consistent with the PFIA requirements.

**SECTION 5: UNEXPENDED FUNDS.** Any Proceeds remaining unexpended in the Escrow Account after completion of the Project and after the final accounting has been submitted to and approved by the TWDB shall be disposed of pursuant to the provisions of the Ordinance. The City shall deliver a copy of such TWDB approval of the final accounting to the Escrow Agent together with instructions concerning the disbursement of unexpended Proceeds hereunder. The Escrow Agent shall have no obligation to ensure that such unexpended Proceeds are used as required by the provisions of the Ordinance, that being the sole obligation of the City.

**SECTION 6: CERTIFICATIONS.** The Escrow Agent shall be authorized to accept and rely upon the certifications and documents furnished to the Escrow Agent by the City and shall not be liable for the payment of any funds made in reliance in good faith upon such certifications or other documents or approvals, as herein recited.

**SECTION 7: LIABILITY OF ESCROW AGENT.** To the extent permitted by law, the Escrow Agent shall not be liable for any act done or step taken or omitted by it or any mistake of fact or law, except for its negligence or default or failure in the performance of any obligation imposed upon it hereunder. The Escrow Agent shall not be responsible in any manner for any proceedings in connection with the Certificates or any recitation contained in the Certificates.

**SECTION 8: RECORDS.** The Escrow Agent will keep complete and correct books of record and account relating to the receipts, disbursements, allocations and application of the money deposited to the Escrow Account, and investments of the Escrow Account and all proceeds thereof. The records shall be available for inspection and copying at reasonable hours and under reasonable conditions by the City and the TWDB.

**SECTION 9: MERGER/CONSOLIDATION.** In the event that the Escrow Agent merges or consolidates with another bank or sells or transfers substantially all of its assets or corporate trust business, then the successor bank shall be the successor Escrow Agent without the necessity of further action as long as the successor bank is a state or national bank designated by the Texas Comptroller as a state depository institution in accordance with Texas Government Code, Chapter 404, Subchapter C, or is a designated custodian of collateral in accordance with Texas Government Code Chapter 404, Subchapter D. The Escrow Agent must provide the TWDB with written notification within 30 days of acceptance of the merger, consolidation, or transfer. If the merger, consolidation or other transfer has occurred between state banks, the newly-created entity shall forward the certificate of merger or exchange issued by the Texas Department of Banking as well as the statement filed with the pertinent chartering authority, if applicable, to the TWDB within five business days following such merger, consolidation or exchange.

**SECTION 10: AMENDMENTS.** This Agreement may be amended from time to time as necessary with the written consent of the City and the TWDB, but no such amendments shall increase the liabilities or responsibilities or diminish the rights of the Escrow Agent without its consent.

**SECTION 11: TERMINATION.** In the event that this Agreement is terminated by either the City or by the Escrow Agent, the Escrow Agent must report said termination in writing to the TWDB within five business days of such termination. The City is responsible for ensuring that the following criteria are satisfied in selecting the successor escrow agent and notifying the TWDB of the change in escrow agents: (a) the successor escrow agent must be an FDIC-insured state or national bank designated by the Texas Comptroller as a state depository; (b) the successor escrow agent must be retained prior to or at the time of the termination; (c) an escrow agreement must be executed by and between the City and the successor escrow agent and must contain the same or substantially similar terms and conditions as are present in this Agreement; and (d) the City must forward a copy of the executed escrow agreement with the successor escrow agent within five business days of said termination. No funds shall be released by the TWDB until it has received, reviewed and approved the escrow agreement with the successor escrow agent. If the City has not appointed a successor escrow agent within thirty (30) days of the notice of termination, the Escrow Agent may petition any court of competent jurisdiction in Texas for the appointment of a successor

escrow agent or for other appropriate relief, and any such resulting appointment shall be binding upon the City. Whether appointed by the City or a court, the successor escrow agent and escrow agreement must be approved by the TWDB for the appointment to be effective. The Escrow Agent is responsible for performance under this Agreement until a successor has been approved by the TWDB and has signed an acceptable escrow agreement.

**SECTION 12: EXPIRATION.** This Agreement shall expire upon final transfer of the funds in the Escrow Account to the City.

**SECTION 13: POINT OF CONTACT.** The points of contact for the Escrow Agent and the TWDB are as follows:

**Escrow Agent:**

BOKF, NA  
Attn : Jose Gaytan  
100 Congress Avenue, Suite 250  
Austin, Texas 78701

**TWDB:**

Executive Administrator  
Texas Water Development Board  
1700 North Congress Avenue  
Austin, Texas 78701

**SECTION 14: CHOICE OF LAW.** This Agreement shall be governed exclusively by the applicable laws of the State of Texas. Venue for disputes shall be in the District Court of Travis County, Texas.

**SECTION 15: ASSIGNABILITY.** This Agreement shall not be assignable by the parties hereto, in whole or in part, without the consent of the TWDB, and any attempted assignment shall be void and of no force and effect.

**SECTION 16: ENTIRE AGREEMENT.** This Agreement evidences the entire Escrow Agreement between the Escrow Agent and the City and supersedes any other agreements, whether oral or written, between the parties regarding the Proceeds or the Escrow Account. No modification or amendment of this Agreement shall be valid unless the same is in writing and is signed by the City and consented to by the Escrow Agent and the TWDB.

**SECTION 17: VALIDITY OF PROVISIONS.** If any term, covenant, condition or provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remainder of the provisions shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby.

**SECTION 18: COMPENSATION FOR ESCROW SERVICES.** The Escrow Agent shall be entitled to compensation for its services as stated in **Exhibit A**, which compensation shall be paid by the City but may not be paid directly from the Escrow Account.

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement effective upon signature of both parties.

CITY OF MONTGOMERY, TEXAS

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

Date: May 11, 2017

Address: 101 Old Plantersville Road  
Montgomery, Texas 77316

(City Seal)

BOKF, NA  
as Escrow Agent

By: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: May 11, 2017

Address: 100 Congress Avenue, Suite 250  
Austin, Texas 78701

(Bank Seal)



**EXHIBIT A**  
**FEE SCHEDULE**  
**[Attached]**

Paving Agent/ Registrar  
AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

between

CITY OF MONTGOMERY, TEXAS

and

BOKF, NA

Pertaining to

City of Montgomery, Texas  
Tax and Surplus Revenue Certificates of Obligation  
Series 2017A

Dated as of May 11, 2017

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## PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (the or this "Agreement"), dated as of May 11, 2017, is by and between CITY OF MONTGOMERY, TEXAS (the "Issuer") and BOKF, NA (the "Bank"), a national banking association duly organized and existing under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Tax and Surplus Revenue Certificates of Obligation, Series 2017A (the "Certificates"), dated May 1, 2017, to be issued as registered securities without coupons;

WHEREAS, all things necessary to make the Certificates the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof;

WHEREAS, the Issuer desires that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Certificates, in accordance with the terms thereof, and that the Bank act as Registrar for the Certificates; and

WHEREAS, the Issuer has duly authorized the execution and delivery of this Agreement, and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done;

NOW, THEREFORE, it is mutually agreed as follows:

### ARTICLE I

#### APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

##### Section 1.01. Appointment.

(a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Certificates in paying to the Owners of the Certificates the principal, redemption premium, if any, and interest on all or any of the Certificates.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Certificates.

(c) The Bank hereby accepts its appointment, and agrees to act as, the Paying Agent and Registrar.

##### Section 1.02. Compensation.

(a) 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 Annex A hereto for the first year of this Agreement, or such part thereof as this Agreement shall be in effect, and thereafter while this Agreement is in effect, 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.

(b) 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 II

### DEFINITIONS

Section 2.01. Definitions. The terms, “Agreement,” “Bank,” “Certificates,” and “Issuer” have the meanings assigned to them in the recitals hereto. Capitalized terms used herein and not defined herein shall have the meanings assigned in the Certificate Ordinance. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

“Bank Office” means the Bank’s office in Austin, Texas. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Certificate Ordinance” means the ordinance of the City Council of the Issuer authorizing the issuance and delivery of the Certificates.

“Financial Advisor” means U.S. Capital Advisors LLC and its successor in that capacity.

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

“Issuer Request” and “Issuer Order” means a written request or order signed in the name of the Issuer by the Mayor of the Issuer, or any other authorized representative of the Issuer and delivered to the Bank.

“Owner” means the Person in whose name a Certificate is registered in the Register.

“Paying Agent” means the Bank when it is performing the functions of paying agent associated with the terms in this Agreement.

“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 Certificates” of any particular Certificate means every previous Certificate evidencing all or a portion of the same obligation as that evidenced by such particular Certificate (and, for the purposes of this definition, any Certificate registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Certificate shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Certificate).

“Record Date” means the fifteenth day of the month next preceding an interest payment date established by the Certificate Ordinance.

“Register” means a register in which the Bank shall provide for the registration and transfer of Certificates.

“Registrar” means the Bank when it is performing the functions of registrar associated with the terms in this Agreement.

“Responsible Officer” when used with respect to the Bank means the officer or officers of the Bank within the Corporate Trust Department having direct responsibility for the administration of this Agreement.

“Stated Maturity” means the date or dates specified in the Certificate Ordinance as the fixed date on which the principal of the Certificates is due and payable or the date fixed in accordance with the terms of the Certificate Ordinance for redemption of the Certificates, or any portion thereof, prior to the fixed maturity date.

### ARTICLE III

#### PAYING AGENT

##### Section 3.01. Duties of Paying Agent.

(a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity and upon the surrender of the Certificate or Certificates so maturing at the Bank Office, the principal amount of the Certificate or Certificates then maturing, and redemption premium, if any, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payment no later than 10:00 a.m. Central Time on the applicable payment date.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Certificates to each Owner of the Certificates (or their Predecessor Certificates) as shown in the Register at the close of business on the Record Date, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payments. The Paying Agent shall such payments in accordance with the Certificate Ordinance by computing the amount of interest to be paid each Owner, preparing the checks (or other payment method allowed under the terms of the Certificate Ordinance) on each interest payment date addressed to each Owner’s address as it appears in the Register at the close of business on the Record Date.

Section 3.02. Payment Dates. The Issuer hereby instructs the Bank to pay the principal of, redemption premium, if any, and interest on the Certificates at the dates specified in the Certificate Ordinance.



ARTICLE IV

REGISTRAR

Section 4.01. Transfer and Exchange.

(a) The Bank shall keep the Register at the Bank Office, and subject to such reasonable written regulations as the Issuer may prescribe, which regulations shall be furnished to the Bank herewith or subsequent hereto by Issuer Order, the Bank shall provide for the registration and transfer of the Certificates. The Bank is hereby appointed “Registrar” for the purpose of registering and transferring the Certificates as herein provided. The Bank agrees to maintain the Register while it is Registrar. The Bank agrees to at all times maintain a copy of the Register at its office located in the State of Texas.

(b) The Certificates shall be subject to transfer and exchange as set forth in the Certificate Ordinance.

Section 4.02. The Certificates.

The Issuer shall provide an adequate inventory of unregistered Certificates to facilitate transfers. The Bank covenants that it will maintain the unregistered Certificates in safekeeping and will use reasonable care in maintaining such unregistered Certificates in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03. Form of Register.

(a) The Bank as Registrar will maintain the records of the Register 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 Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

(b) The 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 Owners.

(a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the 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.

(b) The Bank will not release or disclose the content of the 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 subpoena or court order or as otherwise required by law. Upon receipt of a subpoena or court order the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order.

Section 4.05. Cancellation of Certificates.

All Certificates surrendered to the Bank for payment, redemption, transfer, exchange, or replacement, shall be promptly cancelled by the Bank upon the making of proper records regarding such payment, transfer, exchange or replacement. The Issuer may at any time deliver to the Bank for cancellation any Certificates previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly cancelled by the Bank. All cancelled Certificates held by the Bank shall be disposed of pursuant to the Securities Exchange Act of 1934.

Section 4.06. Mutilated, Destroyed, Lost, or Stolen Certificates.

(a) Subject to the provisions and conditions of this Section 4.06, the Issuer hereby instructs the Bank to deliver fully registered Certificates in exchange for or in lieu of mutilated, destroyed, lost, or stolen Certificates as long as the same does not result in an overissuance.

(b) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed Certificates and any future substitute blanket bond for lost, stolen, or destroyed Certificates that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen, or destroyed Certificates by the Bank is available for inspection by the Issuer on request.

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 Certificates it has paid pursuant to Section 3.01; Certificates it has delivered upon the transfer or exchange of any Certificates pursuant to Section 4.01; and Certificates it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Certificates pursuant to Section 4.06 of this Agreement.

ARTICLE V

THE BANK

Section 5.01. Duties of Bank.

The Bank undertakes to perform the duties set forth herein and in accordance with the Certificate Ordinance and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Certificates to pay the Certificates as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent.

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 ordinance, resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, 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 Certificates, but is protected in acting upon receipt of Certificates containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Owner or an attorney-in-fact of the Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in an ordinance, resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, note, security, or other paper or document supplied by Issuer.

(e) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Certificates in the manner disclosed in the closing memorandum as prepared by the Issuer's Financial Advisor 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.

(f) 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.

(g) 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.

(a) The recitals contained herein and in the Certificates shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners, or any other Person for any amount due on any Certificate except as otherwise expressly provided herein with respect to the liability of the Bank for its duties under this Agreement.

Section 5.04. May Hold Certificates.

The Bank, in its individual or any other capacity, may become the Owner or pledgee of Certificates 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.

(a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

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

(c) Subject to the provisions of Title 6, Texas Property Code, any money deposited with the Bank for the payment of the principal, redemption premium, if any, or interest on any Certificate and remaining unclaimed for three years after final maturity of the Certificate has become due and payable will be paid by the Bank to the Issuer, and the Owner of such Certificate shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease.

(d) The Bank will comply with the reporting requirements of Chapter 74 of the Texas Property Code.

(e) The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a paying agent capacity for the payment of the Certificates, 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 the Certificates 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 Certificates shall, at its own expense and risk, request such other medium of payment.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank, its officers, directors, employees, and agents for, and hold them harmless against, any loss, liability, or expense incurred without negligence, bad faith or willful misconduct on their part arising out of or in connection with its acceptance or administration of the Bank's duties hereunder, and under Sections 40 and 41 of the Certificate Ordinance, including the cost and expense (including its counsel fees) of defending itself 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, demands or controversy over its persons as well as funds on deposit in a court of competent jurisdiction within the State of Texas; waive personal service of any process; and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in 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 within the State of Texas to determine the rights of any person claiming any interest herein.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

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 shown below:

- (a) if to the Issuer: City of Montgomery, Texas  
101 Old Plantersville Road  
Montgomery, Texas 77316  
Attention: Mayor
  
- (b) if to the Bank: BOKF, NA  
Attn: Jose Gaytan  
100 Congress Avenue, Suite 250  
Austin, Texas 78701

Section 6.04. Bank to Give Notice of Change.

The Bank hereby agrees that it will give notice to the Issuer, the Owners and the Municipal Securities Rulemaking Board of (a) any change in the name of the Bank after the date hereof, (b) any change in the location of the Bank Office or a change in the mailing address of the Bank, and (c) any merger or other change in the corporate structure affecting the name, location and address of the Bank, in each case within ten (10) business days of the effective date of such change.

Section 6.05. Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.06. Successors and Assigns.

All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.07. Separability.

If 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 6.08. 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 6.09. Entire Agreement.

This Agreement and the Certificate 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 Certificate Ordinance, the Certificate Ordinance shall govern.

Section 6.10. 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 6.11. Termination.

(a) This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal, redemption premium, if any, and interest of the Certificates.

(b) This Agreement may be earlier terminated upon 45 days written notice by either party; provided, that, no termination shall be effective until a successor has been appointed by the Issuer and has accepted the duties imposed by this Agreement. A resigning Paying Agent/Registrar may petition any court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar if an instrument of acceptance by a successor Paying Agent/Registrar has not been delivered to the resigning Paying Agent/Registrar within 60 days after the giving of notice of resignation.

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

Section 6.12. Merger, Conversion, Consolidation or Succession.

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 of the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto; provided, however, that the resulting entity must qualify to serve as the Paying Agent/Registrar under the terms of the Ordinance and Texas law. In case any Certificate 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 Certificate so registered with the same effect as if such successor Bank had itself registered such Certificate. The Bank shall notify the Issuer of any changes described in this paragraph in accordance with Section 6.04.

Section 6.13. Governing Law.

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

*[Execution Pages Follow]*

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

CITY OF MONTGOMERY, TEXAS

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

ATTEST:

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



BOKF, NA  
as Paying Agent/Registrar

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**ANNEX A**

**SCHEDULE OF FEES FOR SERVICE AS PAYING AGENT/REGISTRAR**

[Attached]

BOND  
COUPSEL  
OPTION

Texas  
New York  
Washington, DC  
Connecticut  
Seattle  
Dubai  
London

Bracewell LLP  
711 Louisiana Street  
Suite 2300  
Houston, Texas  
77002-2770

713.223.2300 Office  
713.221.1212 Fax

bracewelllaw.com

[CLOSING DATE]

WE HAVE ACTED as bond counsel for the City of Montgomery, Texas (the “City”), in connection with an issue of certificates of obligation described as follows:

CITY OF MONTGOMERY, TEXAS, COMBINATION TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017A, dated May 1, 2017, in the principal amount of [\$1,090,000] (the “Certificates”).

The Certificates mature, bear interest and may be transferred and exchanged as set out in the Certificates and in the ordinance adopted by the City Council of the City authorizing their issuance (the “Ordinance”).

WE HAVE ACTED as bond counsel for the sole purpose of rendering an opinion with respect to the legality and validity of the Certificates under the Constitution and laws of the State of Texas, and with respect to the exclusion of interest on the Certificates from gross income for federal income tax purposes. We have not investigated or verified original proceedings, records, data or other material, but have relied solely upon the transcript of certified proceedings described in the following paragraph. We have not assumed any responsibility with respect to the financial condition or capabilities of the City or the disclosure thereof in connection with the sale of the Certificates.

IN OUR CAPACITY as bond counsel, we have participated in the preparation of and have examined a transcript of certified proceedings pertaining to the Certificates which contains certified copies of certain proceedings of the City, customary certificates of officers, agents and representatives of the City and other public officials and other certified showings relating to the authorization and issuance of the Certificates. We have also examined such applicable provisions of the Internal Revenue Code of 1986, as amended (the “Code”), court decisions, Treasury Regulations and published rulings of the Internal Revenue Service (the “Service”) as we have deemed relevant. We have also examined executed Certificate No. I-1 of this issue.

BASED ON SUCH EXAMINATION, IT IS OUR OPINION that the transcript of certified proceedings evidences complete legal authority for the issuance of the Certificates in full compliance with the Constitution and laws of the State of Texas presently effective, and that therefore the Certificates constitute valid and legally binding obligations of the City, and that taxable property within the City is subject to the levy of ad valorem taxes, within the limits prescribed by law, to pay the Certificates and the interest thereon.

IT IS OUR FURTHER OPINION that the revenues available from the operation of the City's water and sewer system (the "System") after the payment of operation and maintenance expenses of the System and debt service payable from gross revenues or net revenues of the System, if any, as well as any other payments, costs or expenses designated in an ordinance authorizing the issuance of System revenue obligations (the "Surplus Revenues") are also pledged to the payment of the principal of and interest on the Certificates.

THE CITY has reserved the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Surplus Revenues, secured by a pledge of the Surplus Revenues that may be on a parity with, or junior and subordinate to the pledge of the Surplus Revenues securing the Certificates.

THE RIGHTS OF THE OWNERS of the Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

IT IS OUR FURTHER OPINION that, under existing law:

- (1) Interest on the Certificates is excludable from gross income for federal income tax purposes.
- (2) The Certificates are not "private activity bonds" within the meaning of the Code, and interest on the Certificates is not subject to the alternative minimum tax on individuals and corporations, except that interest on the Certificates will be included in the "adjusted current earnings" of a corporation (other than any S corporation, regulated investment company, REIT or REMIC) for purposes of computing its alternative minimum tax liability.

In providing such opinions, we have relied on representations of the City and the City's financial advisor, with respect to matters solely within the knowledge of the City and City's financial advisor, respectively, which we have not independently verified, and have assumed continuing compliance with the covenants in the Ordinance pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Certificates for federal income tax purposes. If such representations are determined to be inaccurate or incomplete or the City fails to comply with the foregoing provisions of the Ordinance, interest on the Certificates could become includable in gross income from the date of original delivery, regardless of the date on which the event causing such inclusion occurs.

Except as stated above, we express no opinion as to any federal, state or local tax consequences resulting from the receipt or accrual of interest on, or acquisition, ownership, or disposition of the Certificates.

Owners of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income tax payers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income tax credit. In addition, certain foreign corporations doing business in the United States may be subject to the "branch profits tax" on their effectively-connected earnings and profits (including tax-exempt interest such as interest on the Certificates).

The opinions set forth above are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement these opinions to reflect any facts or circumstances that may hereafter come to our attention or to reflect any changes in any law that may hereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given as to whether or not the Service will commence an audit of the Certificates. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the City as the taxpayer. We observe that the City has covenanted in the Ordinance not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Certificates as includable in gross income for federal income tax purposes.

GENERAL  
SIGNATURE  
IDENTIFICATION  
AND  
NO-LITIGATION  
CERTIFICATE

GENERAL, SIGNATURE IDENTIFICATION AND NO-LITIGATION CERTIFICATE

THE STATE OF TEXAS           §  
COUNTY OF MONTGOMERY   §  
CITY OF MONTGOMERY       §

We, the undersigned, Mayor and City Secretary, respectively, of the City of Montgomery, Texas (the “City”), hereby certify the following information:

1. This certificate relates to the \$1,090,000 City of Montgomery, Texas, Combination Tax and Surplus Revenue Certificates of Obligation, Series 2017A, dated May 1, 2017 (the “Certificates”).

2. The City is duly incorporated under the general laws of the State of Texas and is operating as a Type A general-law municipality, with no special charter. The population of the City according to the 2010 U.S. Census is 612.

3. The members of the City Council and certain other officers of the City are as follows:

Kirk Jones	Mayor
Jon Bickford	Council Member
John Champagne	Council Member
T.J. Wilkerson	Council Member
Rebecca Huss	Council Member
Dave McCorquodale	Council Member

4. Susan Hensley is the City Secretary and Jack Yates is the City Administrator of the City.

5. The total principal amount of the presently outstanding indebtedness of the City payable from ad valorem taxes is \$\_\_\_\_\_, which includes the Certificates.

6. According to the tax rolls of the City for the year 2016, which are the latest approved tax rolls of the City, the total assessed value of property subject to ad valorem taxation by the City is \$\_\_\_\_\_.

7. The City is not in default in the payment of principal or interest on any of its outstanding obligations.

8. A true and correct copy of the debt service schedule for the Certificates and all other outstanding indebtedness of the City payable from ad valorem taxes is attached hereto as Exhibit A.



9. The surplus revenues of the City's water and sewer system (the "System") for the previous three fiscal years are as follows:

2016: \$ \_\_\_\_\_  
2015: \$ \_\_\_\_\_  
2014: \$ \_\_\_\_\_

10. Neither the revenues nor the properties of the System are in any way pledged or hypothecated other than the pledge of the net or surplus revenues of the System to the payment of the following obligations of the City:

Tax and Revenue Certificates of Obligation, Series 2012;  
Tax and Revenue Certificates of Obligation, Series 2017B; and  
the Certificates.

11. The rates currently in effect for the services of the System are attached hereto as Exhibit B.

12. Certificate proceeds will not be used for a purpose previously rejected by voters at a bond election held during the preceding three years.

13. With respect to the contracts contained within the transcript of proceedings for the Bonds, all disclosure filings and acknowledgments required by Section 2252.908, Texas Government Code, and the rules of the Texas Ethics Commission related to said provision, has been made.

14. No litigation of any nature has been filed or is now pending to restrain or enjoin the issuance and delivery of the Certificates or which would affect the provisions made for their payment or security, or in any manner questioning the proceedings or authority concerning the issuance of the Certificates, and so far as we know and believe, no such litigation is threatened.

15. Neither the corporate existence nor boundaries of the City nor the title of its present officers to their respective offices is being contested, and so far as we know and believe, no litigation is threatened regarding such matters, and no authority or proceedings for the issuance of the Certificates have been repealed, revoked or rescinded.

16. There has not been filed or presented to the City Secretary or the City Council any petition protesting, challenging or otherwise questioning the issuance of the Certificates.

17. The ordinance authorizing the Certificates was duly adopted by City Council on April 11, 2017.

16. The undersigned Mayor and City Secretary officially executed and signed the Certificates, including the Initial Certificate delivered to the initial purchaser of the Certificates, by manually executing the Certificates or by causing facsimiles of our manual signatures to be imprinted or copied on each of the Certificates, and we hereby adopt said manual or facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed each of the Certificates.

17. The Certificates, including the Initial Certificate delivered to the initial purchaser of the Certificates, are substantially in form, and have been duly executed and signed in the manner, prescribed in the Ordinance. We have caused the official seal of the City to be impressed, or printed, or copied on each of the Certificates, and said seal on the Certificates has been duly adopted as, and is hereby declared to be, the official seal of the City.

18. At the time we so executed and signed the Certificates, we were, and at the time of executing this certificate, we are the duly chosen, qualified and acting officers indicated therein, and authorized to execute the same.

19. The Attorney General is hereby authorized and directed to date this certificate concurrently with the date of approval of the Certificates, and can rely on the absence of any litigation or contest pertaining to the Certificates or any other matters covered by this certificate, and on the veracity and currency of this certificate at the time of approval of the Certificates, unless otherwise notified.

*[Signature Page to Follow]*

EXECUTED AND DELIVERED ON \_\_\_\_\_, 2017.

Manual Signatures

Official Titles

\_\_\_\_\_

Kirk Jones  
Mayor, City of Montgomery, Texas

\_\_\_\_\_

Susan Hensley  
City Secretary, City of Montgomery, Texas

STATE OF TEXAS           §  
COUNTY OF MONTGOMERY   §

Before me, on the \_\_\_\_ day of April, 2017, 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 April \_\_\_\_, 2017.

[SEAL]

\_\_\_\_\_  
Notary Public, State of Texas

*Signature Page to General, Signature Identification and No-Litigation Certificate*

**EXHIBIT A**

**DEBT SERVICE SCHEDULE**

[To Come]

**EXHIBIT B**

**WATER AND SEWER RATES**

**[To Come]**

LETTER  
TO  
ATTORNEY  
GENERAL

CITY OF MONTGOMERY, TEXAS

April 11, 2017

Attorney General of Texas  
Public Finance Division  
William P. Clements Building  
300 West 15<sup>th</sup> Street, 7<sup>th</sup> Floor  
Austin, Texas 78701

Comptroller of Public Accounts  
Thomas Jefferson Rusk Building  
208 East 10<sup>th</sup> Street, Room 448  
Austin, Texas 78201

Re: City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A

To the Attorney General:

The executed Initial Certificate for the captioned series has been or soon will be delivered to you for examination and approval. In connection therewith, enclosed is a General Certificate executed and completed except as to date. When the Initial Certificate has received your approval and is ready for delivery to the Comptroller of Public Accounts (the “Comptroller”) for registration, this letter will serve as your authority to insert the date of your approval in the General Certificate and deliver the Initial Certificate to the Comptroller.

Should litigation in any way affecting such Certificates develop, the undersigned will notify you at once by telephone and telecommunication. You may be assured, therefore, that there is no such litigation at the time the Initial Certificate is finally approved by you, unless you have been advised otherwise.

To the Comptroller:

The approved Initial Certificate for the captioned series will be delivered to you by the Attorney General of Texas. You are hereby requested to register the Initial Certificate as required by law and by the proceedings authorizing such Initial Certificate.

Following registration, you are hereby authorized and directed to notify and deliver the Initial Certificate to Bracewell LLP, Houston, Texas, which has been instructed to pick up the Initial Certificate at your office.

Please deliver to Bracewell LLP, Houston, Texas, four (4) copies of each of the following:

1. Attorney General’s approving opinion; and
2. Comptroller’s signature certificate.

Very truly yours,

CITY OF MONTGOMERY, TEXAS

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

*Signature Page to Letter of Instructions  
to Attorney General of the State of Texas and Comptroller of Public Accounts*



CERTIFICATE  
OF  
ESCROW<sup>OW</sup>  
AGENT

CERTIFICATE OF ESCROW AGENT RELATING TO AUTHORITY  
OF OFFICERS AND SIGNATURE IDENTIFICATION

I, the undersigned officer of BOK FINANCIAL (the “Bank”), do hereby execute and deliver this certificate for the benefit of the Attorney General of the State of Texas and the purchasers of, and all other persons interested in the validity of the \$1,090,000 CITY OF MONTGOMERY, TEXAS, TAX AND SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2017A (the “Certificates”), and I do hereby certify as follows:

1. That I am the duly chosen, qualified and acting officer of the Bank for the office shown beneath my signature and I am duly authorized to execute and deliver this certificate.

2. That attached as Exhibit “A” to this certificate is a certified copy of the Bank's resolution, in full force and effect as of the date of this certificate, relating to the corporate authority of the Bank to enter into a certain Escrow Agreement by and between the Bank and the City of Montgomery, Texas, for the purpose of creating an escrow fund for the issuance of the Certificates, and designating the officer of the Bank authorized to execute such Escrow Agreement.

3. That the following is the duly elected, qualified and acting officer of the Bank having the authority to act for and in the name of the Bank as set forth in Exhibit “A” and that the signature set opposite their name is their true and correct signature:

NAME

TITLE

SIGNATURE

\_\_\_\_\_

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the corporate seal of the Bank as of the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

BOK FINANCIAL

By \_\_\_\_\_

Title \_\_\_\_\_

(SEAL)

FEDERAL  
TAX  
CERTIFICATE

## FEDERAL TAX CERTIFICATE

I, the undersigned officer of the City of Montgomery, Texas (the "City"), make this certification for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest to be paid on the City's \$1,090,000 Tax and Surplus Revenue Certificates of Obligation, Series 2017A (the "Series 2017A Certificates") and \$1,730,000 Tax and Surplus Revenue Certificates of Obligation, Series 2017B (the "Series 2017B Certificates" and, together with the Series 2017A Certificates, the "Certificates"). I do hereby certify as follows in good faith as of the hereinafter defined Issue Date of the Certificates:

1. **Definitions.** Each capitalized term used in this Federal Tax Certificate has the meaning ascribed to such term below or has the meaning or is the amount, as the case may be, specified for such term in this Federal Tax Certificate or in Exhibits to this Federal Tax Certificate and for all purposes hereof has the meaning or is the amount therein specified. All such terms defined in the Code or Regulations that are not defined herein shall for all purposes hereof have the same meanings as given to those terms in the Code and Regulations unless the context clearly requires otherwise.

**"Authorizing Document"** means, collectively, the Series 2017A Authorizing Document and the Series 2017B Authorizing Document.

**"Board"** means the Texas Water Development Board.

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

**"Favorable Opinion of Bond Counsel"** means an opinion of nationally recognized bond counsel to the effect that an action, or omission of an action, will not adversely affect the excludability from gross income for federal income tax purposes of interest payable on the Certificates.

**"Financial Advisor"** means U.S. Capital Advisors, LLC.

**"Gross Proceeds"** means any Proceeds and any Replacement Proceeds.

**"Interest and Sinking Fund"** means, collectively, the Series 2017A Interest and Sinking Fund and the Series 2017B Interest and Sinking Fund.

**"Investment Proceeds"** is defined in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from investing Proceeds.

***“Issuance Costs”*** means costs to the extent incurred in connection with, and allocable to, the issuance of obligations within the meaning of section 147(g) of the Code. For example, Issuance Costs include the following costs, but only to the extent incurred in connection with, and allocable to, the borrowing: underwriters’ spread; counsel fees; financial advisory fees; fees paid to an organization to evaluate the credit quality of an issue; trustee fees; paying agent fees; bond registrar, certification and authentication fees; accounting fees; printing costs for bonds and offering documents; public approval process costs; engineering and feasibility study costs; guarantee fees, other than qualified guarantees; and similar costs.

***“Issue Date”*** means, with respect to an issue of obligations, the first date on which an issuer receives the purchase price in exchange for delivery of the evidence of indebtedness representing any obligation.

***“Issue Price”*** means the “issue price” as defined in sections 1273 and 1274 of the Code, unless otherwise provided in sections 1.148-0 through 1.148-11 of the Regulations and, with respect to the Certificates, represents the price paid by the Board for the Certificates.

***“Net Proceeds”*** means Proceeds, less any Proceeds invested in a “reasonably required reserve or replacement fund,” as described in section 148 of the Code.

***“Pre-Issuance Accrued Interest”*** is defined in section 1.148-1(b) of the Regulations and, generally, means amounts representing interest that accrued on an obligation for a period not greater than one year before its Issue Date but only if those amounts are paid within one year after the Issue Date.

***“Proceeds”*** is defined in section 1.148-1(b) of the Regulations and, generally, means any Sale Proceeds and Investment Proceeds.

***“Project”*** means each separate project financed by the Certificates.

***“Projects”*** means, collectively, the Series 2017A Project and the Series 2017B Project.

***“Project Fund”*** means, collectively, the Series 2017A Project Fund and the Series 2017B Project Fund.

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

***“Replacement Proceeds”*** has the meaning set forth in section 1.148-1(c) of the Regulations and, generally, consist of amounts that have a sufficiently direct nexus to an issue of obligations or the governmental purpose of an issue or obligations to conclude that the amounts would have been used for that governmental purpose if the Proceeds were not used or to be used for that governmental purpose.

**“Sale Proceeds”** is defined in section 1.148-1(b) of the Regulations and, generally, consist of any amounts actually or constructively received from the sale (or other disposition) of any obligation, including amounts used to pay underwriters’ discount or compensation and accrued interest other than Pre-Issuance Accrued Interest. Sale Proceeds also include amounts derived from the sale of a right that is associated with any obligation and that is described in section 1.148-4(b)(4) of the Regulations.

**“Series 2017A Authorizing Document”** means the ordinance adopted by the City on April 11, 2017, for purposes of authorizing the issuance of the Series 2017A Certificates.

**“Series 2017A Interest and Sinking Fund”** means the “City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A Interest and Sinking Fund” created pursuant to the Series 2017A Authorizing Document.

**“Series 2017A Project Fund”** means the “City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A Project Fund” created pursuant to the Series 2017A Authorizing Document.

**“Series 2017A Project”** means the improvements to the City’s sanitary sewer system, including the construction of improvements to and the expansion and equipment of Lift Station No. 1, the construction of improvements to and relocation of the force main for Lift Station No. 3, and the replacement of existing lift pumps.

**“Series 2017B Authorizing Document”** means the ordinance adopted by the City on April 11, 2017, for purposes of authorizing the issuance of the Series 2017B Certificates.

**“Series 2017B Interest and Sinking Fund”** means the “City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017B Interest and Sinking Fund” created pursuant to the Series 2017B Authorizing Document.

**“Series 2017B Project Fund”** means the “City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017B Project Fund” created pursuant to the Series 2017B Authorizing Document.

**“Series 2017B Project”** means the improvements to the City’s water system, including the construction of improvements to and the expansion and equipment of Water Plant No. 3, and the construction of improvements to and the expansion and replacement of water distribution lines.

**“Stated Redemption Price at Maturity”** means the amount fixed by the last modification of the purchase agreement and includes interest and other amounts payable at that time (other than any interest based on a fixed rate and payable unconditionally at fixed periodic intervals of one year or less during the entire term of the debt instrument).

**“TWDB Bonds”** means the Board’s [ ] Bonds, Series [ ].

**“Weighted Average Maturity”** has the meaning ascribed to it in the “Weighted Average Maturity” paragraph of this Federal Tax Certificate.

“Yield” on (a) an issue of obligations has the meaning set forth in section 1.148-4 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal and interest to be paid on the obligation produces an amount equal to the Issue Price of such issue and (b) any investment has the meaning set forth in section 1.148-5 of the Regulations and, generally, is the discount rate that when used in computing the present value of all payments of principal and interest to be paid on the investment produces an amount equal to all payments for the investment.

2. Responsible Officer. I am the duly chosen, qualified and acting officer of the City for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this Federal Tax Certificate on behalf of the City. I am the officer of the City charged, along with other officers of the City, with responsibility for issuing the Certificates.

3. Code and Regulations. I am aware of the provisions of sections 141, 148, 149 and 150 of the Code and the Regulations heretofore promulgated under sections 141, 148, 149 and 150 of the Code. This Federal Tax Certificate is being executed and delivered pursuant to sections 1.141-1 through 1.141-15, 1.148-0 through 1.148-11, 1.149(b)-1, 1.149(d)-1, 1.149(g)-1, 1.150-1 and 1.150-2 of the Regulations.

4. Reasonable Expectations. The facts and estimates that are set forth in this Federal Tax Certificate are accurate. The expectations that are set forth in this Federal Tax Certificate are reasonable in light of such facts and estimates. There are no other facts or estimates that would materially change such expectations. In connection with this Federal Tax Certificate, the undersigned has to the extent necessary reviewed the certifications set forth herein with other representatives of the City as to such accuracy and reasonableness. The undersigned has also relied, to the extent appropriate, on representations set forth in (a) the Certificate of the Financial Advisor attached hereto as Exhibit A and (b) the Certificate of the Board attached hereto as Exhibit B. The undersigned is aware of no fact, estimate or circumstance that would create any doubt regarding the accuracy or reasonableness of all or any portion of such documents.

5. Description of Governmental Purpose. The City is issuing the Certificates pursuant to the Authorizing Document for the purposes of funding (a) the Projects as described more fully in the Authorizing Document and (b) the Issuance Costs of the Certificates. The primary purpose of each transaction undertaken in connection with the issuance of the Certificates is a bona fide governmental purpose.

6. Texas Water Development Board. The Certificates will be sold to the Board at a price of par. As set forth in Exhibit B attached hereto, the Certificates will be purchased out of the Proceeds allocable to the TWDB Bonds, which were issued by the Board on [\_\_\_\_\_]. The Issuer has been informed that the Yield on the TWDB Bonds is equal to [\_\_\_\_\_] percent.

7. Amount and Expenditure of Sale Proceeds of the Certificates.

(a) Amount of Sale Proceeds. The City sold the Certificates to the Board for \$2,820,000. The Sale Proceeds of the Certificates represent the Stated Redemption Price at Maturity of the Certificates.

(b) Expenditure of Sale Proceeds. The Sale Proceeds of the Certificates will be expended as follows:

(i) The amount of \$ \_\_\_\_\_ will be disbursed to pay Issuance Costs of the Certificates.

(ii) The amount of \$ \_\_\_\_\_ will be deposited in the Project Fund and is expected to be disbursed to pay or reimburse the costs of the Projects. The aggregate amount of the costs of the Projects is anticipated to exceed such amount. Any costs of the Projects not financed out of Proceeds of the Certificates will be financed out of the City's available funds.

(c) Reimbursement. Other than (i) the amount of \$100,000 and (ii) preliminary expenditures (i.e., architectural, engineering, surveying, soil testing, bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of each Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction) not in excess of 20 percent of the Issue Price of the Certificates, no portion of the amount described in the "Amount and Expenditure of Sale Proceeds of the Certificates—Expenditure of Sale Proceeds" subparagraph above will be disbursed to reimburse the City for any expenditures made by the City prior to the date that is 60 days before the date of the Authorizing Document. The City expects to use Proceeds of the Certificates in the amount of \$[ \_\_\_\_\_ ] to reimburse itself for expenditures paid prior to the Issue Date of the Certificates.

(d) No Working Capital. Except for an amount that does not exceed five percent of the Sale Proceeds of the Certificates (and that is directly related to capital expenditures financed by the Certificates), the City will only expend Proceeds of the Certificates for (i) costs that would be chargeable to the capital accounts of the Projects if the City's income were subject to federal income taxation; (ii) interest on the Certificates in an amount that does not cause the aggregate amount of interest paid on all of the Certificates to exceed that amount of interest on the Certificates that is attributable to the period that commences on the Issue Date of the Certificates and ends on the later of (A) the date that is three years from the Issue Date of the Certificates or (B) the date that is one year after the date on which the applicable Project is placed in service; and/or (iii) fees for a qualified guarantee of the Certificates or payment for a qualified hedge on the Certificates.

(e) No Overburdening. The Proceeds of the Certificates will not exceed the amount necessary to accomplish the governmental purposes of the Certificates and, in fact, are not expected to exceed by any amount the amount of Proceeds allocated to expenditures for the governmental purposes of the Certificates.



(f) Allocations and Accounting. The Proceeds of the Certificates will be allocated to expenditures not later than 18 months after the later of the date the expenditure is made or the date the applicable Project is placed in service, but in no event later than the date that is 60 days after the fifth anniversary of the Issue Date of the Certificates or the retirement of the last Certificate, if earlier. The allocation of Proceeds of the Certificates will be made by using a reasonable, consistently applied accounting method. No Proceeds of the Certificates will be allocated to any expenditure to which Proceeds of any other obligations have heretofore been allocated. The City will maintain records and documentation regarding the allocation of expenditures to Proceeds of the Certificates and the investment of Gross Proceeds of the Certificates for at least three years after the close of the final calendar year during which any Certificate is outstanding.

8. Pre-Issuance Accrued Interest. There is no Pre-Issuance Accrued Interest on the Certificates.

9. Expenditure of Investment Proceeds. The best estimate of the City is that Investment Proceeds resulting from the investment of any Proceeds of the Certificates pending expenditure of such Proceeds for costs of the Projects will be retained in the Project Fund and disbursed to pay or reimburse costs of the Projects in addition to those described in the "Amount and Expenditure of Sale Proceeds of the Certificates" paragraph above.

10. Replacement Proceeds.

(a) No Sinking Funds. Other than the Interest and Sinking Fund, there is no debt service fund, redemption fund, reserve fund, replacement fund, or similar fund reasonably expected to be used directly or indirectly to pay principal or interest on the Certificates.

(b) No Pledged Funds. Other than amounts in the Interest and Sinking Fund, there is no amount that is directly or indirectly pledged to pay principal or interest on the Certificates, or to a guarantor of part or all of the Certificates, such that such pledge provides reasonable assurance that such amount will be available to pay principal or interest on the Certificates if the City encounters financial difficulty. For purposes of this certification, an amount is treated as so pledged if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders or the guarantor of the Certificates.

(c) No Other Replacement Proceeds. There are no other Replacement Proceeds allocable to the Certificates because the City reasonably expects that the term of the Certificates will not be longer than is reasonably necessary for the governmental purposes of the Certificates. Furthermore, even if the Certificates were outstanding longer than necessary for the purpose of the Certificates, no Replacement Proceeds will arise because the City reasonably expects that no amounts will become available during the period that the Certificates remain outstanding longer than necessary based on the reasonable expectations of the City as to the amounts and timing of future revenues. The Certificates would be issued to achieve the governmental purpose of the Certificates independent of any arbitrage benefit as evidenced by the expectation that the Certificates reasonably would have been issued if the interest on the Certificates were not excludable from gross income (assuming that the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate).

(d) Weighted Average Economic Life. The Weighted Average Maturity of the Certificates is not greater than 120 percent of the weighted average estimated economic life of the portion of the Projects financed by the Certificates, determined in accordance with section 147(b) of the Code. Such weighted average estimated economic life is determined in accordance with the following assumptions: (i) the weighted average was determined by taking into account the respective costs of each of the assets financed by the Certificates; (ii) the reasonably expected economic life of an asset was determined as of the later of the Issue Date of the Certificates or the date on which such asset is expected to be placed in service (i.e., available for use for the intended purposes of such asset); (iii) the economic lives used in making this determination are not greater than the reasonably expected economic useful lives of the Projects financed by the Certificates allowing for normal wear and tear and assuming prudent and customary maintenance; and (iv) land or any interest therein has not been taken into account in determining the average reasonably expected economic life of such Project, unless 25 percent or more of the Net Proceeds of the Certificates are to be used to finance land.

11. Yield on the Certificates. For the purposes of this Federal Tax Certificate, the Yield on the Certificates is the discount rate that, when used in computing the present value as of the Issue Date of the Certificates, of all unconditionally payable payments of principal, interest and fees for qualified guarantees on the Certificates, produces an amount equal to the present value, using the same discount rate, of the aggregate issue price of the Certificates as of the Issue Date of the Certificates. The Yield on both the Certificates and any investments allocable to the Certificates will be calculated by the same frequency interval of compounding interest. The Board has agreed to purchase all of the Certificates with Proceeds of the TWDB Bonds. Thus, for purposes of restricting the Yield on the investment of Gross Proceeds of the Certificates, when necessary, and for purposes of computing the amount rebatable to the federal government, if any, the City will utilize the Yield on the TWDB Bonds, as stated in the "Texas Water Development Board" paragraph.

12. Temporary Periods and Yield Restriction. As described in the "Yield on the Certificates" paragraph above, the Certificates will be purchased by the Board out of Proceeds of the TWDB Bonds, which were issued on the date stated in the "Texas Water Development Board" paragraph above. [Therefore, the Proceeds of the Certificates may be invested at an unrestricted Yield until three years following such date. The Board has instructed the City that all Proceeds remaining after three years after the date the Board's TWDB Bonds were issued must be invested at a Yield not "materially higher" than the Yield on the TWDB Bonds as described more fully in the "Yield on the Certificates" paragraph above.] The City has incurred, or will incur within three months of the Issue Date of the Certificates, a binding obligation to a third party that is not subject to any contingencies within the control of the City or a related party pursuant to which the City is obligated to expend at least five percent of the Sale Proceeds of the Certificates on the Projects. The City reasonably expects that work on or acquisition of the Projects will proceed with due diligence to completion and that the Proceeds of the Certificates will be expended on the Projects with reasonable dispatch. The City reasonably expects that 85 percent of the Sale Proceeds of the Certificates will have been expended on the Projects prior to the date that is three years after the Issue Date of the Certificates.

13. Funds.

(a) Interest and Sinking Fund. The proceeds from all taxes levied, assessed and collected for and on account of the Certificates are to be deposited in the Interest and Sinking Fund. The City expects that taxes levied, assessed and collected for and on account of the Certificates, plus any other amounts pledged to the payment of the Certificates pursuant to the Authorizing Document, will be sufficient each year to pay such debt service. All amounts that will be depleted at least once each bond year, except for a reasonable carryover amount not in excess of the greater of the earnings on such portion of the Interest and Sinking Fund for the immediately preceding bond year or one-twelfth of the principal and interest payments on the Certificates for the immediately preceding bond year, will constitute the bona fide debt service fund component of the Interest and Sinking Fund (the "Bona Fide Portion"). The Bona Fide Portion will be used primarily to achieve a proper matching of revenues and principal and interest payments on the Certificates within each bond year. Amounts held in the Bona Fide Portion will be invested at an unrestricted Yield because such amounts will be expended within 13 months of the date such amounts are received. The remaining portion of the Interest and Sinking Fund (the "Reserve Portion"), if any, will be treated separately for purposes of this Federal Tax Certificate.

Amounts on deposit from time to time in the Bona Fide Portion and the Reserve Portion are allocable between the Certificates and any other obligations of the City secured by the Interest and Sinking Fund on the basis of one of the methods set forth in section 1.148-6(e)(6) of the Regulations. The portion of the Reserve Portion allocable to the Certificates will not exceed at any time the least of (i) ten percent of the stated principal amount of the Certificates (or Sale Proceeds of the Certificates in the event that the amount of original issue discount exceeds two percent multiplied by the Stated Redemption Price at Maturity of the Certificates), (ii) the maximum annual principal and interest requirements of the Certificates, and (iii) 125 percent of average annual principal and interest requirements of the Certificates. Therefore, all amounts therein will be invested at an unrestricted Yield. Any amounts held in the Bona Fide Portion for longer than 13 months or held in the Reserve Portion in excess of the least of the amounts described above will be invested in obligations the Yield on which is not in excess of the Yield on the Certificates, except as set forth in the "Yield Reduction Payments" paragraph below.

(b) Project Fund. All of the Proceeds of the Certificates in the applicable Project Fund are expected to be invested and disbursed as described in the Authorizing Document and the "Temporary Periods and Yield Restriction Projects" paragraph of this Federal Tax Certificate; therefore, all of such amounts will be invested without regard to Yield restriction. Nevertheless, any such Proceeds not expended prior to the dates set forth in the "Temporary Periods and Yield Restriction" paragraph will be Yield restricted to the extent set forth in such paragraph.

14. Yield Reduction Payments. All Gross Proceeds of the Certificates will be invested in accordance with the "Temporary Periods and Yield Restriction" paragraph and the "Funds" paragraph above. To the extent such amounts remain on hand following the periods set forth in the "Temporary Periods and Yield Restriction" paragraph and the "Funds" paragraph above or exceed the limits set forth in the "Funds" paragraph above, the City will invest such amounts at a restricted Yield as set forth in such paragraphs; provided, that the City may satisfy

the Yield restriction requirements by making Yield reduction payments to the federal government in accordance with section 1.148-5(c) of the Regulations.

15. Issue. There are no other obligations that (a) are sold at substantially the same time as the Certificates (i.e., less than 15 days apart), (b) are sold pursuant to the same plan of financing with the Certificates, and (c) will be paid out of substantially the same source of funds as the Certificates.

16. Compliance With Rebate Requirements.

(a) General. The City has covenanted in the Authorizing Document that, if it does not qualify for an exception to the requirements of section 148(f) of the Code relating to the required rebate to the United States, it will take all steps necessary to comply with the requirement that “rebataable arbitrage earnings” on the investment of the Gross Proceeds of the Certificates be rebated to the United States. Specifically, the City will (i) maintain records regarding the investment of the Gross Proceeds of the Certificates as may be required to calculate such “rebataable arbitrage earnings” separately from records of amounts on deposit in the funds and accounts of the City that are allocable to other bond issues of the City or moneys that do not represent Gross Proceeds of any bonds of the City, (ii) determine at such intervals as may be required by applicable Regulations, the amount of “rebataable arbitrage earnings,” if any, earned from the investment of the Gross Proceeds of the Certificates and (iii) pay, not less often than every fifth anniversary date of the delivery of the Certificates and within 60 days following the final maturity of the Certificates, or on such other dates required or permitted by applicable Regulations, all amounts required to be rebated to the federal government. The City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the Gross Proceeds of the Certificates that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s-length and had the Yield on the issue not been relevant to either party.

To comply with the rebate requirements set forth herein, the City will engage a firm with expertise in rebate requirements to perform the rebate computations.

(b) Two-Year Spending Exception. The City hereby makes the elections, if any, set forth below for purposes of the two-year spending exception from arbitrage rebate:

	DO NOT		
ELECT	ELECT	N/A	
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

1. To use actual facts to apply the provisions of paragraphs (e) through (m) (excluding (f)(1)(i)) of section 1.148-7 of the Regulations. Section 1.148-7(f)(2) of the Regulations.

2. To exclude earnings on a reasonably required reserve or replacement fund from the definition of “available construction proceeds” for purposes of the spending requirements. Section 1.148-7(i)(2) of the Regulations.
3. To treat the Certificates as two, and only two, separate issues, one of which (i) meets the definition of a construction issue and (ii) is reasonably expected as of the Issue Date of the Certificates to finance all of the construction expenditures to be financed by the Certificates. Section 1.148-7(j)(1) of the Regulations.
4. To pay a penalty (the “1-1/2% penalty”) to the United States in lieu of the obligation to pay arbitrage rebate on “available construction proceeds” in the event that the Certificates fail to satisfy any of the semiannual spending requirements for the two-year rebate exception. Section 1.148-7(k)(1) of the Regulations.

The City reasonably expects that at least 75 percent of the “available construction proceeds” of the Certificates, within the meaning of section 1.148-7(i) of the Regulations, will be allocated to “construction expenditures,” within the meaning of section 1.148-7(g) of the Regulations, for property owned by the City.

Because the TWDB Bonds are a pooled financing issue, the two-year year period for the spending exception from arbitrage rebate began on [\_\_\_\_\_], the Issue Date of the TWDB Bonds, unless it is determined that the Board made an election under section 1.148-7(b)(6)(ii) of the Regulations with respect to the TWDB Bonds to have the rebate exceptions apply separately to each loan, in which case the two-year period will measured from the Issue Date of the Certificates.

17. Not an Abusive Transaction.

(a) General. No action taken in connection with the issuance of the Certificates will enable the City to (i) exploit, other than during an allowable temporary period, the difference between tax-exempt and taxable interest rates to obtain a material financial advantage (including as a result of an investment of any portion of the Gross Proceeds of the Certificates over any period of time, notwithstanding that, in the aggregate, the Gross Proceeds of the Certificates are not invested in higher yielding investments over the term of the Certificates), and (ii) issue more bonds, issue bonds earlier, or allow bonds to remain outstanding longer than is otherwise reasonably necessary to accomplish the governmental purposes of the Certificates. To the best of our knowledge, no actions have been taken in connection with the issuance of the Certificates other than actions that would have been taken to accomplish the governmental purposes of the Certificates if the interest on the Certificates were not excludable from gross income for federal income tax purposes (assuming the hypothetical taxable interest rate would be the same as the actual tax-exempt interest rate on the Certificates).

(b) No Sinking Fund. No portion of the Certificates has a term that has been lengthened primarily for the purpose of creating a sinking fund or similar fund with respect to the Certificates.

(c) No Window. No portion of the Certificates has been structured with maturity dates the primary purpose of which is to make available released revenues that will enable the City to avoid transferred proceeds or to make available revenues that may be invested to be ultimately used to pay debt service on another issue of obligations.

18. No Arbitrage. On the basis of the foregoing facts, estimates and circumstances, it is expected that the Gross Proceeds of the Certificates will not be used in a manner that would cause any of the Certificates to be an “arbitrage bond” within the meaning of section 148 of the Code and the Regulations. To the best of the knowledge and belief of the undersigned, there are no other facts, estimates or circumstances that would materially change such expectations.

19. No Private Use, Payments or Loan Financing.

(a) General. The City reasonably expects, as of the Issue Date of the Certificates, that no action or event during the entire stated term of the Certificates will cause either the “private business tests” or the “private loan financing test,” as such terms are defined in the Regulations, to be met.

(i) The aggregate portion of the Proceeds of the Certificates treated as used in a trade or business of a nongovernmental person will not exceed the lesser of (a) \$15,000,000 or (b) ten percent of the Proceeds of the Certificates. For purposes of determining use, the City will apply rules set forth in applicable Regulations and Revenue Procedures promulgated by the Internal Revenue Service, including, among others, the following rules: (A) any activity carried on by a person other than a natural person or a state or local governmental unit will be treated as a trade or business of a nongovernmental person, provided that, such use will be treated as general public use (and not use in a trade or business) if the property is intended to be available, and is in fact reasonably available, for use on the same basis by natural persons not engaged in a trade or business; (B) the use of all or any portion of the Projects is treated as the direct use of Proceeds of the Certificates; (C) a nongovernmental person will be treated as a private business user of Proceeds of the Certificates as a result of ownership, actual or beneficial use pursuant to a lease, or a management or incentive payment contract, or certain other arrangements such as a take-or-pay or other output-type contract; and (D) the private business use test is met if a nongovernmental person has special legal entitlements to use directly or indirectly the Projects.

(ii) The City has not taken and will not take any deliberate action that would cause or permit the use of any portion of any Project to change so that such portion will be deemed to be used in the trade or business of a nongovernmental person for so long as any of the Certificates remains outstanding (or until the City receives a Favorable Opinion of Bond Counsel). For this purpose, any action within the control of the City is treated as a deliberate action. A deliberate action occurs on the date the City enters into a

binding contract with a nongovernmental person for use of a Project that is not subject to any material contingencies.

(iii) Payments of the debt service on the Certificates will be paid from and secured by a generally applicable tax. For this purpose, a generally applicable tax is a tax (A) that is an enforced contribution exacted pursuant to legislative authority in the exercise of the taxing power that is imposed and collected for the purpose of raising revenue to be used for governmental purposes and (B) that has a uniform tax rate that is applied to all persons of the same classification in the appropriate jurisdiction using a generally applicable manner of determination and collection. No portion of the payment of the debt service on the Certificates will be directly or indirectly derived from payments (whether or not to the City or any related party) in respect of property, or borrowed money, used or to be used for a private business use. Furthermore, no portion of the payment of the debt service on the Certificates will be directly or indirectly secured by any interest in property used or to be used for a private business use or payments in respect of property used or to be used for a private business use.

(iv) Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City will not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be "loaned" to a person or entity if (A) property acquired, constructed or improved with Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (B) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (C) significant benefits and burdens of ownership of such Gross Proceeds or such property are otherwise transferred in a transaction that is the economic equivalent of a loan.

(b) Dispositions of Personal Property in the Ordinary Course. The City does not reasonably expect that it will sell or otherwise dispose of personal property components of the Projects other than in the ordinary course of an established governmental program that satisfies the following requirements:

(i) The Weighted Average Maturity of the portion of the Certificates financing personal property is not greater than 120 percent of the reasonably expected actual use of such personal property for governmental purposes;

(ii) The reasonably expected fair market value of such personal property on the date of disposition will be not greater than 25 percent of its cost;

(iii) Such personal property will no longer be suitable for its governmental purposes on the date of disposition; and

(iv) The City is required to deposit amounts received from such disposition in a commingled fund with substantial tax or other governmental revenues

and the City reasonably expects to spend such amounts on governmental programs within six months from the date of commingling.

Furthermore, the City will not sell or otherwise dispose of all or any portion of the Projects in circumstances in which the foregoing requirements are not satisfied unless it has received a Favorable Opinion of Bond Counsel.

(c) Other Agreements. The City will not enter into any agreement with any nongovernmental person regarding the use of all or any portion of the Projects during the stated term of the Certificates unless it has received in each and every case a Favorable Opinion of Bond Counsel; provided that, the City will not be required to obtain a Favorable Opinion of Bond Counsel with respect to (i) any contracts for services that are solely incidental to the primary governmental function or functions of a Project (e.g., contracts for janitorial or similar services), (ii) any contract for services if the only compensation is the reimbursement of the service provider for actual and direct expenses paid by the service provider to unrelated parties; or (iii) any contract related to use of a Project by a member of, and on the same basis as, the general public, so long as the term of such contract is not greater than 200 days.

20. Weighted Average Maturity. The Weighted Average Maturity of the Certificates set forth on Exhibit A attached hereto is the sum of the products of the Issue Price of each group of identical Certificates and the number of years to maturity (determined separately for each group of identical Certificates and taking into account mandatory redemptions), divided by the aggregate Sale Proceeds of the Certificates.

21. Record Retention. The City will retain all pertinent and material records relating to the use and expenditure of the Proceeds of the Certificates and the calculation or exemption from rebate until three years after the last Certificate is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of the Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the City to retrieve and reproduce such books and records in the event of an examination of the Certificates by the Internal Revenue Service.

22. Registration. The Certificates will be issued in registered form.

23. Certificates are Not Hedge Bonds. Not more than 50 percent of the Proceeds of the Certificates will be invested in nonpurpose investments (as defined in section 148(f)(6)(A) of the Code) having a substantially guaranteed Yield for four years or more within the meaning of section 149(g)(3)(A)(ii) of the Code. Further, the City reasonably expects that at least 85 percent of the spendable Proceeds of the Certificates will be used to carry out the governmental purposes of the Certificates within the three-year period beginning on the Issue Date of the Certificates.



EXECUTED as of this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

CITY OF MONTGOMERY, TEXAS

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

*Signature Page to Federal Tax Certificate*

## EXHIBIT A

### CERTIFICATE OF FINANCIAL ADVISOR

I, the undersigned officer of U.S. Capital Advisors, LLC (the “Financial Advisor”), make this certificate for the benefit of all persons interested in the exclusion from gross income for federal income tax purposes of the interest on the City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A and Tax and Surplus Revenue Certificates of Obligation, Series 2017B (collectively, the “Certificates”). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Federal Tax Certificate to which this Exhibit A is attached (the “Federal Tax Certificate”). I hereby certify as follows as of the Issue Date of the Certificates:

1. I am the duly chosen, qualified and acting officer of the Financial Advisor for the office shown below my signature; as such, I am familiar with the facts herein certified and I am duly authorized to execute and deliver this certificate on behalf of the Financial Advisor. I am the officer of the Financial Advisor who has worked with representatives of the City in structuring the financial terms of the Certificates.

2. The Financial Advisor computed the Weighted Average Maturity of the Certificates to be [\_\_\_\_\_] years, as set forth in the “Weighted Average Maturity” paragraph of the Federal Tax Certificate.

3. To the best of my knowledge the statements set forth in the “Not an Abusive Transaction” paragraph of the Federal Tax Certificate are true.

The City may rely on the statements made herein in connection with making the representations set forth in the Federal Tax Certificate and in its efforts to comply with the conditions imposed by the Code on the exclusion of interest on the Certificates from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Certificates as excludable from gross income for federal income tax purposes and the preparation of the Internal Revenue Service Form 8038-G.

[EXECUTION PAGE FOLLOWS]

Exhibit A-1

EXECUTED as of this \_\_\_\_\_ day of \_\_\_\_\_, 2017.

U.S. CAPITAL ADVISORS, LLC

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

*Signature Page to Certificate of Financial Advisor*

**EXHIBIT B**

**ISSUE PRICE CERTIFICATE**

I, the undersigned duly authorized representative of the Texas Water Development Board, a governmental agency of the State of Texas (the "Board"), make this certificate with respect to the purchase of \$2,820,000 in aggregate principal amount of obligations designated as City of Montgomery, Texas, Tax and Surplus Revenue Certificates of Obligation, Series 2017A and Tax and Surplus Revenue Certificates of Obligation, Series 2017B (collectively, the "Certificates"). Each capitalized term used herein has the meaning or is the amount, as the case may be, specified for such term in the Federal Tax Certificate to which this Exhibit B is attached. I hereby certify as follows as of the Issue Date of the Certificates:

1. The Board is the purchaser of the Certificates from the City of Montgomery, Texas (the "City").
2. The purchase price (expressed as a percentage of the principal amount and exclusive of accrued interest) for the Certificates of each maturity is 100 percent of the stated principal amount thereof.
3. The Certificates will be purchased with Proceeds of the Board's [Bond Caption] (the "Board Bonds") which were issued by the Board on [Board Bond Issue Date].
4. The Yield on the Board Bonds is equal to [Board Bonds Yield] percent.
5. The Board has made no bona fide offering of any of the Certificates to the public, and is acquiring the Certificates with no present intention of resale.

The undersigned understands that the statements made herein will be relied upon by the City its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended, with respect to the exclusion of interest on the Certificates from the gross income of their owners. Bracewell LLP also may rely on this certificate for purposes of its opinion regarding the treatment of interest on the Certificates as excludable from gross income for federal income tax purposes and the preparation of the Internal Revenue Service Form 8038-G.

EXECUTED AND DELIVERED to be effective as of the \_\_\_\_\_ day of \_\_\_\_\_, 2017.

TEXAS WATER DEVELOPMENT BOARD

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Exhibit B-1

CITY  
NOTICE OF  
INTENT TO  
ISSUE  
C.O.'s

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

A RESOLUTION BY THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS, AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION FOR SANITARY SEWER SYSTEM PROJECTS; AND APPROVING OTHER MATTERS INCIDENTAL THERETO

THE STATE OF TEXAS           §  
COUNTY OF MONTGOMERY   §  
CITY OF MONTGOMERY       §

WHEREAS, the City Council of the City of Montgomery, Texas (the "City") deems it advisable to issue certificates of obligation (the "Certificates") in accordance with the notice hereinafter set forth; and

WHEREAS, it is hereby found and determined that the meeting at which this resolution is considered is open to the public as required by law, and public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code; NOW, THEREFORE

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MONTGOMERY, TEXAS:

Section 1. The findings, determinations, definitions and recitations set out in the preamble to this resolution are found to be true and correct and are hereby adopted by City Council and made a part hereof for all purposes.

Section 2. The City Secretary is hereby authorized and directed to cause to be published in the manner required by law and in substantially the form attached hereto as Exhibit A, a notice of the City's intention to issue the Certificates (the "Notice").

Section 3. The Notice shall be published once a week for two (2) consecutive weeks in a newspaper which is of general circulation in the City, the date of the first publication to be at least thirty-one (31) days before the date tentatively set in the Notice for the passage of the ordinance authorizing the issuance of the Certificates.

Section 4. The City reasonably expects to reimburse itself for costs that have been or will be paid subsequent to the date that is 60 days prior to the date hereof and that are to be paid in connection with the projects listed in Exhibit A (the "Financed Project") from proceeds of the Certificates.

Section 5. The City reasonably expects that the maximum principal amount of obligations issued to reimburse the City of the costs associated with the Financed Project will be \$1,300,000.

Section 6. The Mayor, City Secretary and other officers and agents of the City are hereby authorized and directed to do any and all things necessary or desirable to carry out the provisions of this resolution.

Section 7. This resolution shall take effect immediately upon its passage.

[Execution Page to Follow]

PASSED AND APPROVED on this the 24<sup>th</sup> day of January, 2017.

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Mayor, City of Montgomery, Texas

ATTEST:

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City Secretary, City of Montgomery, Texas

(SEAL)



EXHIBIT A

NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION

NOTICE IS HEREBY GIVEN that the City Council of the City of Montgomery, Texas (the "City"), will meet at the City of Montgomery City Hall, 101 Old Plantersville Road, Montgomery, Texas at 6:00 p.m. on the 28<sup>th</sup> day of March, 2017, which is the time and place tentatively set for the passage of an ordinance and such other action as may be deemed necessary to authorize the issuance of the City's certificates of obligation, in the maximum aggregate principal amount not to exceed \$1,300,000, payable from ad valorem taxes and a pledge of a lien on surplus revenues of the City's water and sewer system, bearing interest at any rate or rates not to exceed the maximum interest rate now or hereafter authorized by law, as shall be determined within the discretion of the City Council of the City at the time of issuance of the certificates of obligation, and maturing over a period not to exceed forty years from the date of issuance, for the purposes of evidencing the indebtedness of the City for all or any part of the costs associated with improvements to the City's sanitary sewer system, including (i) the construction of improvements to and the expansion and equipment of Lift Station No. 1, (ii) the construction of improvements to and relocation of the force main for Lift Station No. 3, (iii) the replacement of existing lift pumps, and (iv) the costs of professional services incurred in connection therewith.

WITNESS MY HAND AND THE OFFICIAL SEAL OF THE CITY, this 24<sup>th</sup> day of January, 2017.

Susan Hensley  
City Secretary  
City of Montgomery, Texas

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS     §  
COUNTY OF HARRIS     §

I, the undersigned officer of the City Council of the City of Montgomery, Texas, hereby certify as follows:

1.     The City Council of the City of Montgomery, Texas, convened in a regular meeting on the 24<sup>th</sup> day of January, 2017, at the regular meeting place thereof, within said City, and the roll was called of the duly constituted officers and members of said City Council, to wit:

Kirk Jones	Mayor
Jon Bickford	Council Member, Position 1
John Champagne	Council Member, Position 2
T.J. Wilkerson	Council Member, Position 3
Rebecca Huss	Council Member, Position 4
Dave McCorquodale	Council Member, Position 5

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

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

A Resolution By The City Council Of The City Of Montgomery, Texas,  
Authorizing Publication Of Notice Of Intention To Issue Certificates Of  
Obligation For Sanitary Sewer System Projects; And Approving Other Matters  
Incidental Thereto

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

AYES: \_\_\_\_\_ Members shown present voted "Aye."

NOES: \_\_\_\_\_ Members shown present voted "No."

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

SIGNED AND SEALED this 24<sup>th</sup> day of January, 2017.

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City Secretary  
City of Montgomery, Texas

[SEAL]

ISSUANCE  
TIMETABLE

**CITY OF MONTGOMERY, TEXAS**  
**\$1,090,000 CERTIFICATES OF OBLIGATIONS, SERIES 2017A (CWSRF)**  
**\$1,730,000 CERTIFICATES OF OBLIGATIONS, SERIES 2017B (DWSRF)**

Draft  
1/31/2017

COUNCIL MEETS 2<sup>ND</sup> & 4<sup>TH</sup> TUESDAY OF THE MONTH (6:00PM)

**Tentative Timetable of Events**

AUGUST – 2016						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

OCTOBER						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24/31	25	26	27	28	29

NOVEMBER						
S	M	T	W	Th	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

DECEMBER						
S	M	T	W	Th	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

JANUARY – 2017						
S	M	T	W	Th	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

FEBRUARY						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28				

MARCH						
S	M	T	W	Th	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

APRIL						
S	M	T	W	Th	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24	25	26	27	28	29

MAY						
S	M	T	W	Th	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

Complete By	Day	Event	Parties
August 23	Tuesday	City Council Meeting to approve the Resolution requesting financial assistance from the Texas Water Development Board ("TWDB").	C

August 25	Thursday	Deadline for Applications to be declared 'Administratively Complete' by the TWDB.	All
October 28	Friday	City advertises Request for Proposals ("RFP") for professional services to satisfy procurement requirements.	C
November 28	Monday	RFP responses due.	C
December 13	Tuesday	City Council Meeting to consider RFP responses and select firms for professional services.	C
<b><u>2017</u></b>			
January 10	Tuesday	City Council Meeting to consider an ordinance to adopt the Water Conservation Plan.	
January 24	Tuesday	City Council approves the Notice of Intent ("NOI") to issue Certificates of Obligation, Series 2017 A & B (the "Certificates").	C, BC, FA
January 30	Monday	City provides NOI to Conroe Courier for publication.	C, BC
February 1	Wednesday	City publishes first NOI in the Conroe Courier.	C
February 8	Wednesday	The City publishes second NOI.	C
March 9	Thursday	Texas Water Development Board ("TWDB") approves the Clean Water and Drinking Water State Revolving Fund ("CWSF" and "DWSRF") loan commitments. (9:30am)	TWDB
March 10	Friday	Bond Counsel provides documents to the TWDB 30 days prior to sale	BC
March 28	Tuesday	City Council Meeting to adopt a motion postponing the adoption of the Ordinance(s) for the CWSRF and DWSRF loan commitments and approval for the adoption at the City Council meeting to be held on April 11, 2017.	C, BC, FA
April 5	Wednesday	Apply for CUSIPs.	FA
April 5	Wednesday	TWDB provides final interest rates for the Certificates.	TWDB, FA
April 11	Tuesday	Sale date. City Council Meeting to adopt and approve the Ordinances authorizing the Certificates.	C, BC, FA
April 12	Wednesday	Distribute draft Closing Memorandum.	FA
April 12	Wednesday	Transcript to the Attorney General.	BC
May 3	Wednesday	Provide all documents for closing to the TWDB.	ALL
May 11	Thursday	Deliver Certificates.	C, BC

Legend

City of Montgomery

Bracewell LLP

US Capital Advisors LLC

Texas Water Development Board

Issuer (C)

Bond Counsel (BC)

Financial Advisor (FA)

Purchaser (TWDB)

Montgomery City Council  
**AGENDA REPORT**

ITEM# 7

<b>Meeting Date: April 11, 2017</b>	<b>Budgeted Amount:</b>
<b>Department:</b>	
<b>Prepared By: Jack Yates City Administrator</b>	<b>Exhibits:</b> letter from Lawton Law firm, Ordinance
<b>Date Prepared: April 7, 2017</b>	

**Subject**

This is to adopt an ordinance that requests a suspension to any rate increases for 45 days to allow time for consideration.

**Discussion**

This ordinance is being proposed by the Lawton Law Firm acting as an in the city's behalf as coordinator for Montgomery County cities regarding Entergy regarding rate issues.

**Recommendation**

Approve the ordinance as presented.

**Approved By**

City Administrator	Jack Yates	Date: April 7, 2017
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ORDINANCE NO. \_\_\_\_\_

ORDINANCE OF THE CITY OF MONTGOMERY, TEXAS SUSPENDING THE RATES PROPOSED BY CENTERPOINT ENERGY RESOURCES CORP., d/b/a CENTERPOINT ENERGY ENTEX AND CENTERPOINT ENERGY TEXAS GAS (“CENTERPOINT” OR “COMPANY”) COMPANY’S GAS RELIABILITY INFRASTRUCTURE PROGRAM (“GRIP”) FILING MADE WITH THE CITY ON MARCH 30, 2017; FINDING THAT THE MEETING COMPLIES WITH THE OPEN MEETINGS ACT; MAKING OTHER FINDINGS AND PROVISIONS RELATED TO THE SUBJECT, AND DECLARING AN EFFECTIVE DATE

WHEREAS, on or about March 30, 2017, CenterPoint Energy Resources Corp., d/b/a CenterPoint Energy Entex and CenterPoint Energy Texas Gas (“CenterPoint” or “Company”) filed an Annual GRIP adjustment for the Beaumont/East Texas Service Area with the City of Montgomery (“City”) to increase gas rates in the Beaumont/East Texas Service Area pursuant to *Gas Utility Regulatory Act*, TEX. UTIL. CODE (“Gas Utility Regulatory Act”) § 104.301; and

WHEREAS, the Company proposed an effective date of May 29, 2017, for the rate increase; and

WHEREAS, City has exclusive original jurisdiction over the rates, operations and services of a gas utility in areas in the municipality pursuant to Gas Utility Regulatory Act § 103.001; and

WHEREAS, Gas Utility Regulatory Act § 104.301 requires a streamlined process for the recovery of the costs of incremental investment by a gas utility; and

WHEREAS, the City’s reasonable cost for regulatory expenses in ratemaking proceedings shall be reimbursed by the gas utility under Gas Utility Regulatory Act § 103.022; and

WHEREAS, the City will join with other municipalities in a steering committee in order to coordinate the hiring and direction of counsel and/or consultants working on behalf of the steering committee and the City; and

WHEREAS, the City finds the need to suspend the effective date of CenterPoint’s proposed rate increase for 45 days beyond the Company’s proposed effective date until July 13, 2017 in order to review the Company’s filing for compliance with Gas Utility Regulatory Act § 104.301; and

WHEREAS, the City’s review of CenterPoint’s GRIP filing is limited to a ministerial review of the filing for compliance with the statute; and

WHEREAS, the reasonableness of the Company’s investment will be reviewed in CenterPoint’s subsequent base rate case where all costs included in CenterPoint’s GRIP filing will be subject to refund.

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

Section 1. The statement and findings set out in the preamble to this ordinance are hereby in all things approved and adopted.

Section 2. The effective date of the Company's proposed GRIP rate increase, and the proposed tariffs related thereto, are hereby suspended until July 13, 2017.

Section 3. To the extent the City finds that the rates proposed by CenterPoint's filing comply with Gas Utility Regulatory Act § 104.301, then the rates will become effective by operation of law on July 13, 2017.

Section 4. The City is authorized to join with other municipalities as part of the Beaumont/East Texas Division Steering Committee with the understanding that the Steering Committee will provide direction and guidance to the lawyers who are representing said municipalities.

Section 5. The City employs The Lawton Law Firm, P.C. to represent the City with regard to the proposed rate increase of CenterPoint before local and state regulatory authorities and any court of law and authorizes counsel to employ such rate experts as are recommended by the Steering Committee.

Section 6. The Steering Committee shall review the invoices of the lawyers and/or rate experts for reasonableness before submitting the invoices to CenterPoint for reimbursement.

Section 7. CenterPoint shall reimburse the City, through the designated representative of the Steering Committee, for the reasonable costs of attorneys and consultant fees and expenses related thereto, upon the presentation of invoices reviewed by the Steering Committee.

Section 8. The meeting at which the ordinance was approved was in all things conducted in strict compliance with the Texas Open Meetings Act, Texas Government Code, Chapter 551.

Section 9. This Ordinance shall become effective from and after its passage.

PASSED AND APPROVED this 11<sup>th</sup> day of April, 2017.

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Mayor Kirk Jones

ATTEST:

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Susan Hensley, City Secretary

Montgomery City Council  
**AGENDA REPORT**

ITEM# 8

<b>Meeting Date:</b> April 11, 2017	<b>Budgeted Amount:</b>
<b>Department:</b> Administrative	
<b>Prepared By:</b> Susan Hensley, City Secretary	<b>Exhibits:</b> Application Pack as submitted.
<b>Date Prepared:</b> April 5, 2017	

**Subject**

Schedule a Public Hearing for Stoney's Liquor – Montgomery Alcohol Beverage Permit Application.

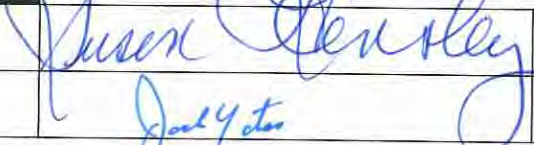
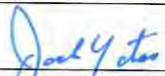
**Recommendation**

Approve scheduling the Public Hearing to be held on April 25, 2017 at 6 p.m.

**Discussion**

This is to schedule a Public Hearing regarding an Alcohol Beverage Permit Application for Stoney's Liquor - Montgomery, located in Buffalo Springs Marketplace, Montgomery on SH 105 at Lone Star Parkway for Package Store Permit, Beer Retail Dealer's Off-Premise License, Local Distributor's Permit and Package Store Tasting Permit to be held on April 25, 2017 at 6:00 p.m.

**Approved By**

City Secretary		Date: April 5, 2017
City Administrator		Date:

March 9, 2017

Central Texas Consultants  
John Vela  
509 Westend Drive  
McGregor, Texas 76657

Ms. Susan Hensley

As per our conversation today in regards to DBA - Stoney's Liquor – Montgomery owners Falls Capital, Inc. and Luke R. Wornat going in at 20212 Eva Street, Suite 240, Montgomery, Texas 77356. They are applying for the following: Luke Randall Wornat is applying for a Package Store Permit and Falls Capital, Inc. is applying for a Beer Retail Dealer's Off-Premise License, Local Distributor's Permit and Package Store Tasting Permit. These permits will allow the sale of Alcoholic Beverages for Off – Premise consumption and Package Store Tasting. As per our knowledge there is not a church, school or hospital within 300 feet.

As per two entities applying at the same address with the same DBA please see Chapter 22 of the Texas Alcoholic Beverage Commission Code Book Section 22.04 - Limitation on Package Store Interests and Section 22.05 - Consolidation of Permits.

Sincerely,

John Vela  
Central Texas Consultants  
509 Westend Drive  
McGregor, Texas 76657  
254/716-3319  
ctcl@grandecom.net

*Rec'd 03/10/17 JH*

*Rec'd.  
addit docs on 03/28/17*

**ALCOHOLIC BEVERAGE CODE**

**TITLE 3. LICENSES AND PERMITS**

**SUBTITLE A. PERMITS**

**CHAPTER 22. PACKAGE STORE PERMIT**

Sec. 22.04. LIMITATION ON PACKAGE STORE INTERESTS. (a) No person may hold or have an interest, directly or indirectly, in more than five package stores or in their business or permit.

(b) For the purpose of this section:

(1) a person has an interest in any permit in which his spouse has an interest; and

(2) as to a corporate permittee, the stockholders, managers, officers, agents, servants, and employees of the corporation have an interest in the permit, business, and package stores of the corporation.

(c) The limitations prescribed in this section do not apply to an original or renewal package store permit issued before May 1, 1949, and in effect on that date. The commission or administrator shall renew each permit of that type on proper application if the applicant is otherwise qualified. If a person who holds or has an interest in more than five package store permits under the authority of this subsection has one of the permits cancelled, voluntarily or for cause, he may not obtain an additional permit in lieu of the cancelled permit. No person who has more than five package store permits may place any of the permits in suspense with the commission.

(d) This section does not apply to the stockholders, managers, officers, agents, servants, or employees of a corporation operating hotels, with respect to package stores operated by the corporation in hotels.

Acts 1977, 65th Leg., p. 420, ch. 194, Sec. 1, eff. Sept. 1, 1977.

**Falls Capital, Inc.**  
**Stoney's Liquor**  
207 Craik Street • Marlin, TX 76661



(254) 803-9636  
Office

(254) 883-2776  
Fax

March 2, 2017

City of Montgomery  
Attn: Susan Hensley, City Secretary  
101 Old Plantersville Rd.  
Montgomery, TX 77316

Reference: Alcohol Permit Application

Ms. Hensley,

Falls Capital, Inc. is applying for a Beer Retail Dealer's Off-Premise License, Local Distributor's Permit and Package Store Tasting Permit. Luke Wornat is applying for a Package Store Permit. All permits will be under the dba of Stoney's Liquor, in the City of Montgomery. The site is located in the Buffalo Springs Marketplace on State Highway 105 @ Lone Star Parkway. The site will be in the adjacent retail space adjoining the Kroger grocery store.

Thank you,

  
Larry Wornat  
President, Falls Capital Inc.





City of Montgomery  
Alcohol Beverage  
License Application

City of Montgomery, Texas  
P.O. Box 708  
Montgomery, Texas 77356  
936-597-3288  
[www.montgomerytexas.gov](http://www.montgomerytexas.gov)

APPLICATION FOR THE SALE OF ALCOHOLIC BEVERAGE LICENSE

Date Received by the City: 03/10/17

*Partial Applic  
w/forward Addit.  
info. Sh*

1. Type of Alcoholic Beverage License:

- (1) Category A – Off Premises Consumption Sale of All Alcoholic Beverages – Package Store
- (2) Category B – Off Premises Consumption Sale of Wine, Beer or Ale.
- (3) Category C – Off Premises Consumption Sale of Beer.
- (4) Category D – On Premises Consumption Sale of Beer, Wine and Mixed beverages – Restaurant or Café, where the sale of beer, wine and mixed beverage on the premises would be incidental to the restaurant or café.
- (5) Category E – On Premises Consumption Sale of Beer, Wine and Mixed beverages – Tavern, Lounge, or Bar. The sale of Beer, Wine and Mixed beverages for On-Premises Consumption being the principal business line.
- (6) Category F – Warehouse storage of Beer, Wine or Liquor for Distributors – No sale of Beer for on or Off-Premises Consumption permitted on the Premises.

2. Legal Description of the property for which License is sought. (Either by Lot and Block number or by a Metes and Bounds Description):

3. Exact Nature of the Business to be operated. (Must be fully described). Liquor Store

4. Attach a Plat of the property to the Application showing the improvements, parking areas, location of signage and other structures on the property and within three hundred (300) feet to scale.

5. Description of signs and the hours they will be operated to be attached as a separate document.

6. Attach floor plan of the building in which the business is to be conducted (showing fixtures, furniture, restrooms, kitchen and other equipment).

7. Attach a verified statement stating that the building is not within three hundred (300) feet of a church, school or hospital and that the building is in compliance with the requirements of this chapter for separate and adequate toilet facilities for men and women if used for on-premises consumption of beer, liquor or wine. This can be included in cover letter.

8. Business Owner: Luke R. Wornat Phone: 254-803-9637  
Address: 207 CRAIK STREET MARLIN TX 76661  
Home Address: 522 CR 118 Riesel TX 76682 Phone: 254-640-2841  
Check if you are leasing property:

9. Land Owner: Phone: 713-784-3790  
Address: 10497 TOWN & Country Way STE. 820 Houston TX 77024

10. Business Partners: Falls Capital Inc. Phone: 254-803-9637  
Address: 207 CRAIK STREET MARLIN TX 76661  
Home Address: 522 CR 118 Riesel TX 76682 Phone: 254-640-2841

-----  
This is to certify that I, LUKE R. Wornat have complied with all State, County, Codes and Regulations of the City of Montgomery, Texas.

[Signature] or \_\_\_\_\_  
Business Owner and/or Lessee Partner if Applicable



# OFF-PREMISE PREQUALIFICATION PACKET

L-OFF  
(01/2016)

Submit this packet to the proper governmental entities to obtain certification for the type of license/permit for which you are applying as required by Sections 11.37, 11.39, 11.46(b), 61.37, 61.38, 61.42 and Rule §33.13

All statutory and rule references mentioned in this application refer to and can be found in the Texas Alcoholic Beverage Code or Rules located on our website. [www.tabc.texas.gov/laws/code\\_and\\_rules.asp](http://www.tabc.texas.gov/laws/code_and_rules.asp)

## LOCATION INFORMATION

1. Application for:  Original  
 Reinstatement License/Permit Number \_\_\_\_\_  
 Change of Licensed Location License/Permit Number \_\_\_\_\_

2. Type of Off-Premise License/Permit

BQ Wine and Beer Retailer's Off-Premise Permit       LP Local Distributor's Permit  
 BF Beer Retail Dealer's Off-Premise License       E Local Cartage Permit  
 P Package Store Permit       ET Local Cartage Transfer Permit  
 Q Wine Only Package Store Permit       PS Package Store Tasting Permit

3. Indicate Primary Business at this Location

Grocery/Market       Convenience Store without Gas  
 Liquor Store       Miscellaneous \_\_\_\_\_  
 Convenience Store with Gas

4. Trade Name of Location  
*Stoney's Liquor - Montgomery*

5. Location Address  
*20212 EVA STREET STE. 240*

City <i>Montgomery</i>	County <i>Montgomery</i>	State <i>TX</i>	Zip Code <i>77356</i>
---------------------------	-----------------------------	--------------------	--------------------------

6. Mailing Address  
*207 Craik Street*

City <i>Marlin</i>	State <i>TX</i>	Zip Code <i>76661</i>
-----------------------	--------------------	--------------------------

7. Business Phone No.      Alternate Phone No.      E-mail Address  
*Applied for*      *254-640-2841*      *skohring@fallscap.com*

## OWNER INFORMATION

8. Type of Owner

Individual       Corporation       City/County/University  
 Partnership       Limited Liability Company       Other \_\_\_\_\_  
 Limited Partnership       Joint Venture  
 Limited Liability Partnership       Trust

9. Business Owner/Applicant  
*Luke Randall Wornat*



**10. As indicated on the chart, enter the individuals that pertain to your business type:**  
*(For additional space, use Form L-OIC)*

Individual/Individual Owner	Limited Liability Company/All Officers or Managers
Partnership/All Partners	Joint Venture/Venturers
Limited Partnership/All General Partners	Trust/Trustee(s)
Corporation/All Officers	City, County, University/Official

Last Name <i>Wornat</i>	First Name <i>Luke</i>	MI <i>R</i>	Title <i>owner</i>
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title

**MEASUREMENT INFORMATION**  
 Section 109.31 et. seq.

11. Will your business be located within 300 feet of a church or public hospital?  Yes  No

**NOTE:** For churches or public hospitals measure from front door to front door, along the property lines of the street fronts and in a direct line across intersections.

12. Will your business be located within 300 feet of any private/public school?  Yes  No

**NOTE:** For private/public schools measure in a direct line from the nearest property line of the school to the nearest property line of the place of business, and in a direct line across intersections.

**NOTE:** If located on or above the fifth story of a multistory building: measure in a direct line from the property line of the private/public school to property line of your place of business in a direct line across intersections vertically up the building at the property line to the base of the floor on which your business is located.

13. Will your business be located within 1,000 feet of a private school?  Yes  No

14. Will your business be located within 1,000 feet of a public school?  Yes  No

**ALL APPLICANTS**

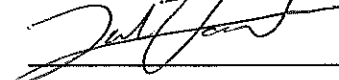
15. CHECK HERE IF NOT IN CITY LIMITS

I, the applicant, have confirmed I am not located in the city limits of any city and therefore all city certificates are not required.

<b>WARNING AND SIGNATURE</b>	<b>If Applicant Is/Must Sign</b>	
	Individual/Individual Owner	Corporation/Officer
	Partnership/Partner	Limited Liability Company/ Officer or Manager
	Limited Partnership/General Partner	

**WARNING:** Section 101.69 of the Texas Alcoholic Beverage Code states: "...a person who makes a false statement or false representation in an application for a permit or license or in a statement, report, or other instrument to be filed with the Commission and required to be sworn commits an offense punishable by imprisonment in the Texas Department of Criminal Justice for not less than 2 nor more than 10 years."

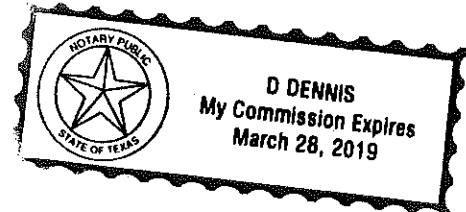
**BY SIGNING YOU ARE SWEARING TO ALL INFORMATION AND ATTACHMENTS TO THIS PACKET.**

PRINT NAME Luke R. Wornat SIGN HERE 

TITLE owner

Before me, the undersigned authority, on this 9th day of March, 2017, the person whose name is signed to the foregoing application personally appeared and, duly sworn by me, states under oath that he or she has read the said application and that all the facts therein set forth are true and correct.

SIGN HERE   
NOTARY PUBLIC



SEAL

**CERTIFICATE OF CITY SECRETARY (FOR P, Q, BF & BQ)**  
Sections 11.37 & 61.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is inside the boundaries of this city or town, in a "wet" area for such license/permit, and not prohibited by charter or ordinance in reference to the sale of such alcoholic beverages.

SIGN HERE \_\_\_\_\_, TEXAS  
City Secretary/Clerk City

SEAL

**CERTIFICATE OF COUNTY CLERK (FOR P, Q & BF)**  
Sections 11.37 & 61.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is in a "wet" area for such license/permit, and is not prohibited by any valid order of the Commissioner's Court.

SIGN HERE \_\_\_\_\_ COUNTY  
County Clerk

SEAL

## CERTIFICATE OF COUNTY CLERK (FOR BQ)

Section 11.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought as the place of business is in a "wet" area and is not prohibited by any valid order of the Commissioner's Court for a Wine and Beer Retailer's Off-Premise Permit.

**Most current election for given location was held for:**

- legal sale of all alcoholic beverages for off-premise consumption
- legal sale of all alcoholic beverages
- legal sale of all alcoholic beverages except mixed beverages
- legal sale of all alcoholic beverages including mixed beverages
- legal sale of mixed beverages
- legal sale of mixed beverages in restaurants by food and beverage certificate holders
- legal sale of wine on the premises of a holder of a winery permit
- legal sale of beer/wine (17%) on-premise or beer/wine off-premise **AFTER** Sept. 1, 1999
- legal sale of beer/wine (14%) on-premise or beer/wine off-premise **BEFORE** Sept. 1, 1999

SIGN

HERE \_\_\_\_\_

County Clerk

COUNTY \_\_\_\_\_

**S E A L**

## COMPTROLLER OF PUBLIC ACCOUNTS CERTIFICATE

Sections 11.46(b) & 61.42(b)

This is to certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, the applicant holds or has applied for and satisfies all legal requirements for the issuance of a Sales Tax Permit under the Limited Sales, Excise and Use Tax Act or the applicant as of this date is not required to hold a Sales Tax Permit.

**Sales Tax Permit Number** \_\_\_\_\_ **Outlet Number** \_\_\_\_\_

**Print Name of Comptroller Employee** \_\_\_\_\_

**Print Title of Comptroller Employee** \_\_\_\_\_

SIGN

HERE \_\_\_\_\_

FIELD OFFICE \_\_\_\_\_

**S E A L**

## PUBLISHER'S AFFIDAVIT (FOR BQ, BF, P & Q)

Sections 11.39 & 61.38

Name of newspaper		<b>ATTACH PRINTED COPY OF THE NOTICE HERE</b>
City, County		
Dates notice published in daily/weekly newspaper (mm/dd/yyyy)		
<i>Publisher or designee certifies attached notice was published in newspaper stated on dates shown.</i>		
Signature of publisher or designee		
Sworn to and subscribed before me on this date		
Signature of Notary Public		
<b>S E A L</b>		

**Falls Capital, Inc.**  
**Stoney's Liquor**  
207 Craik Street • Marlin, TX 76661



(254) 803-9636  
Office

(254) 883-2776  
Fax

March 2, 2017

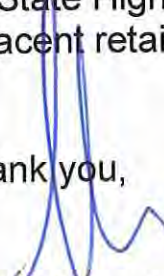
City of Montgomery  
Attn: Susan Hensley, City Secretary  
101 Old Plantersville Rd.  
Montgomery, TX 77316

Reference: Alcohol Permit Application

Ms. Hensley,

Falls Capital, Inc. is applying for a Beer Retail Dealer's Off-Premise License, Local Distributor's Permit and Package Store Tasting Permit. Luke Wornat is applying for a Package Store Permit. All permits will be under the dba of Stoney's Liquor, in the City of Montgomery. The site is located in the Buffalo Springs Marketplace on State Highway 105 @ Lone Star Parkway. The site will be in the adjacent retail space adjoining the Kroger grocery store.

Thank you,

  
Larry Wornat  
President, Falls Capital Inc.





City of Montgomery  
Alcohol Beverage  
License Application

City of Montgomery, Texas  
P.O. Box 708  
Montgomery, Texas 77356  
936-597-3288  
[www.montgomerytexas.gov](http://www.montgomerytexas.gov)

APPLICATION FOR THE SALE OF ALCOHOLIC BEVERAGE LICENSE

Date Received by the City: 03/10/17

*Partial Applic  
w/forward addit. info.  
th*

1. Type of Alcoholic Beverage License:

- (1) Category A – Off Premises Consumption Sale of All Alcoholic Beverages – Package Store
- (2) Category B – Off Premises Consumption Sale of Wine, Beer or Ale.
- (3) Category C – Off Premises Consumption Sale of Beer.
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- (6) Category F – Warehouse storage of Beer, Wine or Liquor for Distributors – No sale of Beer for on or Off-Premises Consumption permitted on the Premises.

2. Legal Description of the property for which License is sought. (Either by Lot and Block number or by a Metes and Bounds Description): \_\_\_\_\_

3. Exact Nature of the Business to be operated. (Must be fully described). LIQUOR STORE

4. Attach a Plat of the property to the Application showing the improvements, parking areas, location of signage and other structures on the property and within three hundred (300) feet to scale.

5. Description of signs and the hours they will be operated to be attached as a separate document.

6. Attach floor plan of the building in which the business is to be conducted (showing fixtures, furniture, restrooms, kitchen and other equipment).

7. Attach a verified statement stating that the building is not within three hundred (300) feet of a church, school or hospital and that the building is in compliance with the requirements of this chapter for separate and adequate toilet facilities for men and women if used for on-premises consumption of beer, liquor or wine. This can be included in cover letter.

8. Business Owner: FALLS CAPITAL Phone: 254-803-9637  
Address: 207 Craik Street MARLIN TX 76661  
Home Address: 522 CR 118 RIESEL TX 76682 Phone: 254-640-2841  
Check if you are leasing property:

9. Land Owner: \_\_\_\_\_ Phone: 713-784-3790  
Address: 10497 TOWN & COUNTRY WAY Ste 820 HOUSTON TX 77024

10. Business Partners: LUKE R. WORNAT Phone: 254-803-9637  
Address: 207 Craik Street MARLIN TX 76661  
Home Address: 522 CR 118 RIESEL TX 76682 Phone: 254-640-2841

This is to certify that I, LARRY WORNAT have complied with all State, County, Codes and Regulations of the City of Montgomery, Texas.

\_\_\_\_\_  
Business Owner and/or Lessee

or \_\_\_\_\_  
Partner if Applicable



# OFF-PREMISE PREQUALIFICATION PACKET

L-OFF  
(01/2016)

Submit this packet to the proper governmental entities to obtain certification for the type of license/permit for which you are applying as required by Sections 11.37, 11.39, 11.46(b), 61.37, 61.38, 61.42 and Rule §33.13

All statutory and rule references mentioned in this application refer to and can be found in the Texas Alcoholic Beverage Code or Rules located on our website. [www.tabc.texas.gov/laws/code\\_and\\_rules.asp](http://www.tabc.texas.gov/laws/code_and_rules.asp)

## LOCATION INFORMATION

1. Application for:  Original

Reinstatement

License/Permit Number \_\_\_\_\_

Change of Licensed Location

License/Permit Number \_\_\_\_\_

2. Type of Off-Premise License/Permit

BQ Wine and Beer Retailer's Off-Premise Permit

LP Local Distributor's Permit

BF Beer Retail Dealer's Off-Premise License

E Local Cartage Permit

P Package Store Permit

ET Local Cartage Transfer Permit

Q Wine Only Package Store Permit

PS Package Store Tasting Permit

3. Indicate Primary Business at this Location

Grocery/Market

Convenience Store without Gas

Liquor Store

Miscellaneous \_\_\_\_\_

Convenience Store with Gas

4. Trade Name of Location

Stoney's Liquor - Montgomery

5. Location Address

20212 EVA STREET STE, 240

City  
Montgomery

County  
Montgomery

State  
TX

Zip Code  
77356

6. Mailing Address

207 Craik Street

City  
Marlin

State  
TX

Zip Code  
76661

7. Business Phone No.

Applied for

Alternate Phone No.

254-803-9637

E-mail Address

skohring@fallscap.com

## OWNER INFORMATION

8. Type of Owner

Individual

Corporation

City/County/University

Partnership

Limited Liability Company

Other \_\_\_\_\_

Limited Partnership

Joint Venture

Limited Liability Partnership

Trust

9. Business Owner/Applicant

Falls Capital, Inc.

10: As indicated on the chart, enter the individuals that pertain to your business type:  
(For additional space, use Form L-OIC)

Individual/Individual Owner	Limited Liability Company/All Officers or Managers		
Partnership/All Partners	Joint Venture/Venturers		
Limited Partnership/All General Partners	Trust/Trustee(s)		
Corporation/All Officers	City, County, University/Official		
Last Name <i>Wornat</i>	First Name <i>Larry</i>	MI <i>R</i>	Title <i>Pres/Sec</i>
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title

**MEASUREMENT INFORMATION**

Section 109.31 et. seq.

11. Will your business be located within 300 feet of a church or public hospital?  Yes  No

**NOTE:** For churches or public hospitals measure from front door to front door, along the property lines of the street fronts and in a direct line across intersections.

12. Will your business be located within 300 feet of any private/public school?  Yes  No

**NOTE:** For private/public schools measure in a direct line from the nearest property line of the school to the nearest property line of the place of business, and in a direct line across intersections.

**NOTE:** If located on or above the fifth story of a multistory building: measure in a direct line from the property line of the private/public school to property line of your place of business in a direct line across intersections vertically up the building at the property line to the base of the floor on which your business is located.

13. Will your business be located within 1,000 feet of a private school?  Yes  No

14. Will your business be located within 1,000 feet of a public school?  Yes  No

**ALL APPLICANTS**

15. CHECK HERE IF NOT IN CITY LIMITS

I, the applicant, have confirmed I am not located in the city limits of any city and therefore all city certificates are not required.



**WARNING AND SIGNATURE**

**If Applicant Is/Must Sign**

Individual/Individual Owner  
Partnership/Partner  
Limited Partnership/General Partner

Corporation/Officer  
Limited Liability Company/ Officer or Manager

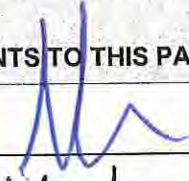
**WARNING:** Section 101.69 of the Texas Alcoholic Beverage Code states: "...a person who makes a false statement or false representation in an application for a permit or license or in a statement, report, or other instrument to be filed with the Commission and required to be sworn commits an offense punishable by imprisonment in the Texas Department of Criminal Justice for not less than 2 nor more than 10 years."

**BY SIGNING YOU ARE SWEARING TO ALL INFORMATION AND ATTACHMENTS TO THIS PACKET.**

PRINT NAME

Larry Wornat

SIGN HERE



TITLE

President

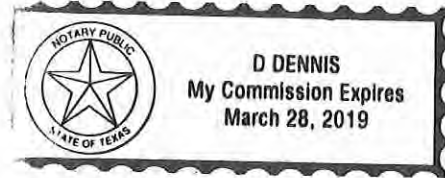
Before me, the undersigned authority, on this 9th day of March, 2017, the person whose name is signed to the foregoing application personally appeared and, duly sworn by me, states under oath that he or she has read the said application and that all the facts therein set forth are true and correct.

SIGN HERE



NOTARY PUBLIC

SEAL



**CERTIFICATE OF CITY SECRETARY (FOR P, Q, BF & BQ)**

Sections 11.37 & 61.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is inside the boundaries of this city or town, in a "wet" area for such license/permit, and not prohibited by charter or ordinance in reference to the sale of such alcoholic beverages.

SIGN HERE

\_\_\_\_\_  
City Secretary/Clerk

\_\_\_\_\_  
City

\_\_\_\_\_, TEXAS

SEAL

**CERTIFICATE OF COUNTY CLERK (FOR P, Q & BF)**

Sections 11.37 & 61.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is in a "wet" area for such license/permit, and is not prohibited by any valid order of the Commissioner's Court.

SIGN HERE

\_\_\_\_\_  
County Clerk

\_\_\_\_\_, COUNTY

SEAL



## CERTIFICATE OF COUNTY CLERK (FOR BQ)

Section 11.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought as the place of business is in a "wet" area and is not prohibited by any valid order of the Commissioner's Court for a Wine and Beer Retailer's Off-Premise Permit.

**Most current election for given location was held for:**

- legal sale of all alcoholic beverages for off-premise consumption
- legal sale of all alcoholic beverages
- legal sale of all alcoholic beverages except mixed beverages
- legal sale of all alcoholic beverages including mixed beverages
- legal sale of mixed beverages
- legal sale of mixed beverages in restaurants by food and beverage certificate holders
- legal sale of wine on the premises of a holder of a winery permit
- legal sale of beer/wine (17%) on-premise or beer/wine off-premise **AFTER** Sept. 1, 1999
- legal sale of beer/wine (14%) on-premise or beer/wine off-premise **BEFORE** Sept. 1, 1999

SIGN

HERE \_\_\_\_\_

County Clerk

COUNTY \_\_\_\_\_

**S E A L**

## COMPTROLLER OF PUBLIC ACCOUNTS CERTIFICATE

Sections 11.46(b) & 61.42(b)

This is to certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, the applicant holds or has applied for and satisfies all legal requirements for the issuance of a Sales Tax Permit under the Limited Sales, Excise and Use Tax Act or the applicant as of this date is not required to hold a Sales Tax Permit.

Sales Tax Permit Number \_\_\_\_\_ Outlet Number \_\_\_\_\_

Print Name of Comptroller Employee \_\_\_\_\_

Print Title of Comptroller Employee \_\_\_\_\_

SIGN

HERE \_\_\_\_\_

FIELD OFFICE \_\_\_\_\_

**S E A L**

## PUBLISHER'S AFFIDAVIT (FOR BQ, BF, P & Q)

Sections 11.39 & 61.38

Name of newspaper		<b>ATTACH PRINTED COPY OF THE NOTICE HERE</b>
City, County		
Dates notice published in daily/weekly newspaper (mm/dd/yyyy)		
<i>Publisher or designee certifies attached notice was published in newspaper stated on dates shown.</i>		
Signature of publisher or designee		
Sworn to and subscribed before me on this date		
Signature of Notary Public		
<b>S E A L</b>		

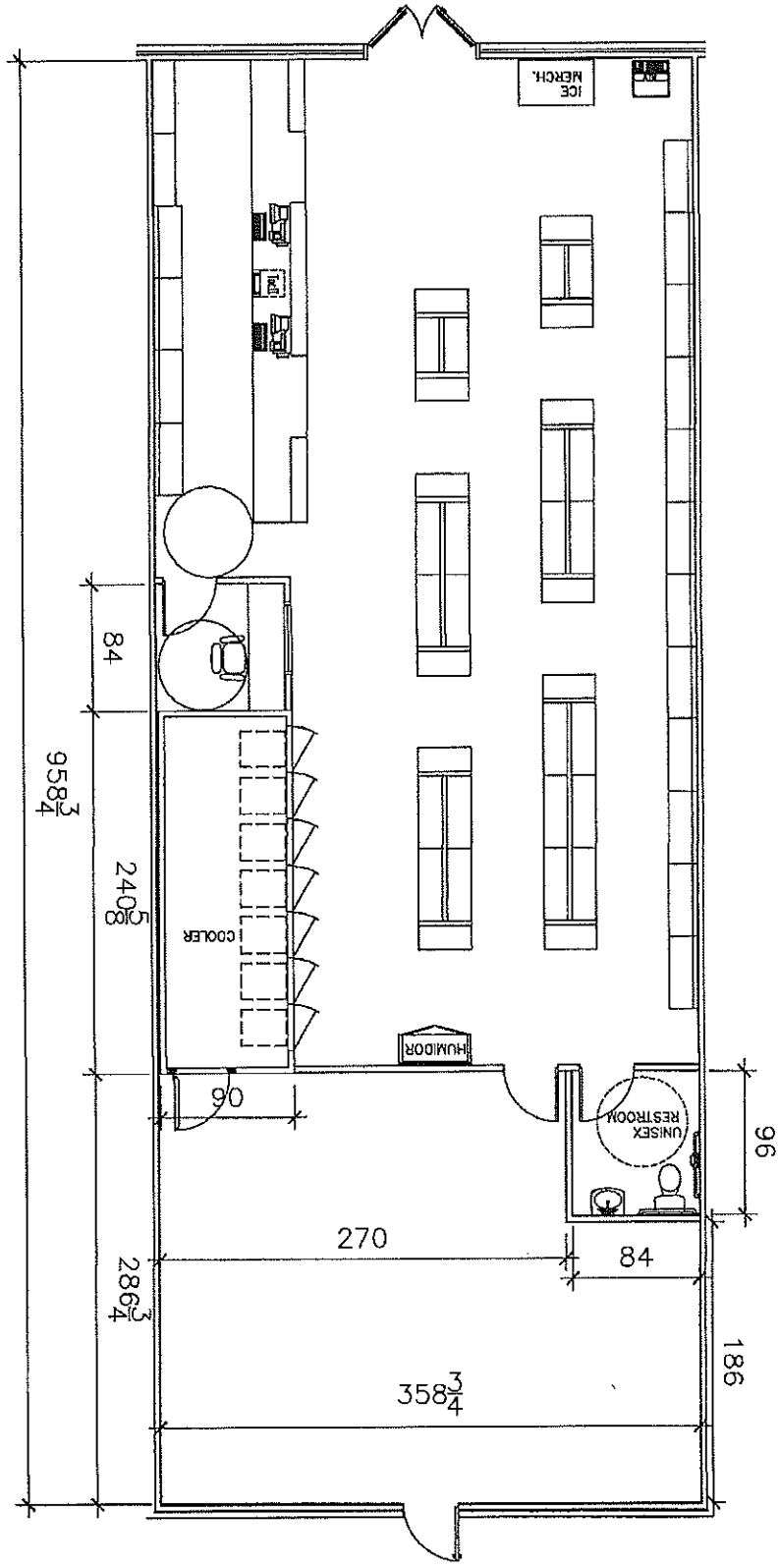
From: Steve Kohring [skohring@fallscap.com](mailto:skohring@fallscap.com)  
Subject: Montgomery Floorplan  
Date: Mar 28, 2017, 12:38:01 PM  
To: <[ctcl@grandecom.net](mailto:ctcl@grandecom.net)> [ctcl@grandecom.net](mailto:ctcl@grandecom.net)

John – See attached preliminary floorplan you can use for the alcohol application with the city. I previously sent over the sign details as well. Thank you sir and sorry for the delay. I just got it this morning.

**Steve Kohring**  
CFO  
Falls Capital, Inc.  
PTP Construction Services, LLC  
Wornat Land & Cattle, LLC  
207 Craik St.  
Marlin, TX 76661  
Office 254-803-9636  
Cell 254-640-2838  
Fax 254-883-2776  
[skohring@fallscap.com](mailto:skohring@fallscap.com)

pdf

9781 Mont...r Store.pdf  
102 KB



APPROVED BY: \_\_\_\_\_  
 DATE: \_\_\_\_\_

<h2>Montgomery Liquor Store</h2>		11301 MOSIER VALLEY ROAD EULESS, TX 76040 Phone: (817) 267-4818 Fax: (817) 868-0631 Email: <a href="mailto:scalen@allen-commercial.com">scalen@allen-commercial.com</a> 846 Allen <a href="http://www.allen-commercial.com">www.allen-commercial.com</a>	 <p><b>allen</b> COMMERCIAL INDUSTRIES, INC.</p>	<p><b>DESIGN POSSESSION CLAIM</b>          THE OWNER IS OF LEGAL AGE AND HAS THE SOLE POSSESSION OF THE ALLEY COMMERCIAL, INC. AND HAS NO OBLIGATIONS, LIABILITIES, OR OTHER CLAIMS OF ANY KIND OR CHARACTER, TO ANY PARTY THROUGH ITS USE HEREBY WITH THE CONTRACTUAL AGREEMENT BETWEEN CLIENT AND BSA DESIGN FIRM.</p> <p>ALLEN COMMERCIAL, INC. AND ITS AFFILIATES ARE NOT RESPONSIBLE FOR ANY FINANCIAL, CONSTRUCTION, PERFORMANCE, ELECTRICAL, AND/OR PLUMBING FAILURES OR DEFECTS. THE PROJECT IS THE SOLE RESPONSIBILITY OF THE CONTRACTOR. ALLEN COMMERCIAL, INC. AND ITS AFFILIATES ARE NOT RESPONSIBLE FOR ANY DEFECTS OR DAMAGES TO THE PROJECT AUTHORIZED BY THE OWNER OF THIS PROJECT.</p> <p>OWNER AND ARCHITECT ASSUME LIABILITY TO THE OWNER SHALL BE IN THE APPLICABLE TOOLS, CRAFT, AND BSA DESIGN IS SO GOVERNED BY THE LAWS OF TEXAS.</p>
Project: 8828 Submittal: T/A Date: 03/25/17 Scale: 5/64"=1' Sheet: 1 of 1				

**EXHIBIT "B"**  
**BUFFALO SPRINGS MARKETPLACE**  
**METES AND BOUNDS DESCRIPTION**

**RESTRICTED RESERVE "B"**  
**TRACT 1**  
**BUFFALO SPRINGS SHOPPING CENTER**  
**IN THE**  
**JOHN CORNER SURVEY, A-8**  
**MONTGOMERY COUNTY, TEXAS**

Being a 1.80 acre (78,547 square feet) parcel situated in the John Corner Survey, Abstract 8, Montgomery County, Texas, out of a called 3.66 acre tract conveyed to Milestone Pecan Street Development by Special Warranty Deed recorded under Clerk's File No. 2013045234 of the Official Public Records of Montgomery County, Texas., out of Reserve "B" of Buffalo Springs Shopping Center according to the map or plat thereof recorded under Cabinet \_\_\_\_\_, Sheet \_\_\_ of the Map Records of Montgomery County, Texas, said 1.80 acre parcel more particularly described by metes and bounds as follows with all bearings based on Texas State Plane Coordinate System, Central Zone, North American Datum 1983;

BEGINNING, at a 5/8-inch iron rod found with cap (stamped "4833 Town & Country") for the northwest corner of Restricted Reserve "A2", for the southwest corner of said Restricted Reserve "B", and the herein described parcel;

THENCE, North 07°54'30" East, 504.83 feet along the west line of said Restricted Reserve "B" to a point for a northwesterly corner of Restricted Reserve "C" of Buffalo Springs Shopping Center, for the northwest corner of said Restricted Reserve "B", and the herein described parcel;

THENCE, South 82°05'30" East, 103.80 feet along a southerly line of said Restricted Reserve "C", and the north line of said Restricted Reserve "B" to a point for the northeast corner, and the beginning of a non-tangent curve to the right;

THENCE, departing the southerly line of said Restricted Reserve "C", and the north line of said Restricted Reserve "B", along the arc of said curve to the right with a radius of 960.00 feet, an arc length of 248.24 feet, through a delta of 14°48'57", and a chord bearing South 16°44'13" East, 247.55 feet to a point in a northerly line of said Restricted Reserve "C", and a southerly line of said Restricted Reserve "B", for an easterly corner of the herein described parcel;

THENCE, North 82°05'30" West, 56.03 feet along a northerly line of said Restricted Reserve "C", and a southerly line of said Restricted Reserve "B" to a 5/8-inch iron rod set with cap (stamped "4833 Town & Country") for an interior angle of said Restricted Reserve "C", said Restricted Reserve "B", and the herein described parcel;

THENCE, South 07°54'30" West, 279.83 feet along a westerly line of said Restricted Reserve "C", and an easterly line of said Restricted Reserve "B" to a 5/8-inch iron rod found with cap (stamped "4833 Town & Country") in the north line of said Restricted Reserve "A2", for a southwesterly corner of said Restricted Reserve "C", and a southeasterly corner of the herein described parcel;

THENCE, North 82°05'30" West, 151.00 feet along the north line of said Restricted Reserve "A2", and the south line of said Restricted Reserve "B" to the POINT OF BEGINNING, CONTAINING 1.80 acre (78,547 square feet) of land in Montgomery County, Texas.

*David J. Strauss*

David J. Strauss, R.P.L.S. 4833  
Town & Country Surveyors, LLC  
25307 North Freeway, Ste. 100  
The Woodlands, Tx. 77380  
Ph. (281) 465-8730  
Fax (281) 465-8731  
[www.tcsurveying.com](http://www.tcsurveying.com)



Job No. 2590-0003

**EXHIBIT "B-1"**  
**BUFFALO SPRINGS MARKETPLACE**  
**METES AND BOUNDS DESCRIPTION**

**RESTRICTED RESERVE "B"**  
**TRACT 2**  
**BUFFALO SPRINGS SHOPPING CENTER**  
**IN THE**  
**JOHN CORNER SURVEY, A-8**  
**MONTGOMERY COUNTY, TEXAS**

Being a 0.87 acre (37,789 square feet) parcel situated in the John Corner Survey, Abstract 8, Montgomery County, Texas, out of a called 3.66 acre tract conveyed to Milestone Pecan Street Development by Special Warranty Deed recorded under Clerk's File No. 2013045234 of the Official Public Records of Montgomery County, Texas, out of Reserve "B" of Buffalo Springs Shopping Center according to the map or plat thereof recorded under Cabinet \_\_\_\_, Sheet \_\_ of the Map Records of Montgomery County, Texas, said 0.87 acre parcel more particularly described by metes and bounds as follows with all bearings based on Texas State Plane Coordinate System, Central Zone, North American Datum 1983:

COMMENCING, at a 5/8-inch iron rod found with cap (stamped "4833 Town & Country") for the northwest corner of Restricted Reserve "A2", for the southwest corner of said Restricted Reserve "B";

THENCE, North 07°54'30" East, 504.83 feet along the west line of said Restricted Reserve "B" to a point for a northwesterly corner of Restricted Reserve "C" of Buffalo Springs Shopping Center, for the northwest corner of said Restricted Reserve "B";

THENCE, South 82°05'30" East, 103.80 feet along a southerly line of said Restricted Reserve "C", and the north line of said Restricted Reserve "B" to a point for the northwest corner and POINT OF BEGINNING, of the herein described parcel;

THENCE, South 82°05'30" East, 219.45 feet along a southerly line of said Restricted Reserve "C", and the north line of said Restricted Reserve "B" to a 5/8-inch iron rod set with cap (stamped "4833 Town & Country") for an interior corner of said Restricted Reserve "C", for the northeast corner of said Restricted Reserve "B", and the herein described parcel;

THENCE, South 07°54'30" West, 90.00 feet along a westerly line of said Restricted Reserve "C", and an easterly line of said Restricted Reserve "B" to a 5/8-inch iron rod set with cap (stamped "4833 Town & Country") for an interior point of said Restricted Reserve "C", and an angle point in the easterly line of said Restricted Reserve "B", and the herein described parcel;

THENCE, South 82°05'30" East, 10.00 feet to a 5/8-inch iron rod set with cap (stamped "4833 Town & Country") for an interior point of said Restricted Reserve "C", and an angle point in the easterly line of said Restricted Reserve "B", and the herein described parcel;

THENCE, South 07°54'30" West, 135.00 feet to a 5/8-inch iron rod set with cap (stamped "4833 Town & Country") for an interior point of said Restricted Reserve "C", and an angle point in the easterly line of said Restricted Reserve "B", and the southeast corner of the herein described parcel;

THENCE, North 82°05'30" West, 126.22 feet along a northerly line of said Restricted Reserve "C", and a southerly line of said Restricted Reserve "B" to a point for the southwest corner of the herein described parcel, beginning a non-tangent curve to the left;

EXHIBIT "B-2"  
BUFFALO SPRINGS MARKETPLACE  
METES AND BOUNDS DESCRIPTION

THENCE, along the arc of said curve to the left with a radius of 960.00 feet, an arc length of 248.24 feet, through a delta of 14°48'57", and a chord bearing North 16°44'13" West, 247.55 feet to the POINT OF BEGINNING, CONTAINING 0.87 acre (37,789 square feet) of land in Montgomery County, Texas.

*David J. Strauss*

David J. Strauss, R.P.L.S. 4833  
Town & Country Surveyors, LLC  
25307 North Freeway, Ste. 100  
The Woodlands, Tx. 77380  
Ph. (281) 465-8730  
Fax (281) 465-8731  
[www.tcsurveying.com](http://www.tcsurveying.com)



Job No. 2590-0003



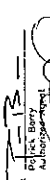
STATE OF TEXAS  
COUNTY OF MONTGOMERY  
STATE OF TEXAS

That Milestone Land Investments, Ltd., Milestone Longhorn Creek Development, Ltd., Milestone Pagan Street Development, Ltd., and Milestone Partners, Ltd. acting by and through Patrick Barry, Esq., Attorney-in-Fact, do hereby certify that the subdivision shown hereon was lawfully created and approved by the City of Montgomery, Texas, and that the corner monuments shown thereon were properly placed under my personal supervision, in accordance with the subdivision regulations of the City of Montgomery, Texas.

Owner hereby certifies that Owner has or will comply with all applicable regulations of the City of Montgomery, Texas, and that a copy of the subdivision regulations and the projected impact of the subdivision, including the proposed plat, and sections related to the subdivision and the projected impact of the subdivision, are on file in the office of the City Engineer, at the address shown hereon.

There is hereby designated a 5' easel adjacent to all utility easements shown hereon from a plane 20 feet above the ground designated as "U.E." with "A.E."

IN WITNESS WHEREOF, the Milestone Land Investments, Ltd., Milestone Longhorn Creek Development, Ltd., Milestone Pagan Street Development, Ltd., and Milestone Partners, Ltd., have caused their signatures to be signed by Patrick Barry, Authorized Agent, thereto authorized and its common seal hereunto affixed this 4th day of June, 2018.

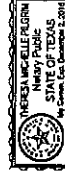
BY:   
Patrick Barry  
Authorized Agent  
Milestone Land Investments, Ltd.  
Milestone Longhorn Creek Development, Ltd.  
Milestone Pagan Street Development, Ltd.  
Milestone Partners, Ltd.

STATE OF TEXAS

COUNTY OF MONTGOMERY

BEFORE ME, the undersigned authority, on this day personally appeared Patrick Barry, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein and herein set out, and at the act and deed of said disposition.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 4th day of June, 2018.

  
Theresa Michelle Pigeon  
Notary Public for Montgomery County, Texas

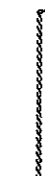
Printed name: Theresa Michelle Pigeon  
My commission expires: 12-02-2016.

STATE OF TEXAS

COUNTY OF MONTGOMERY

BEFORE ME, the undersigned authority, on this day personally appeared Michael Pappert, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, and in the capacity therein and herein set out, and at the act and deed of said disposition.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 11th day of May, 2018.

  
Mary S. Lee  
Notary Public for Montgomery County, Texas

Printed name: Mary S. Lee  
My commission expires: 11-04-2018

SURVEYOR



TOWN & COUNTRY SURVEYORS, LLC  
2501 THE WOODLANDS, SUITE 200  
HOUSTON, TEXAS 77056  
PH: (281) 419-9999  
FAX: (281) 419-9998

OWNER/DEVELOPER:  
THE MILESTONE COMPANIES  
10497 TOWN & COUNTRY WAY  
SUITE 820  
HOUSTON, TX 77024  
PH: (713) 784-3790  
FAX: (713) 784-3831  
EMAIL: pm@townandcountry.com

ENGINEER:  
DEVELOPMENT SERVICES, INC  
900 TOWN & COUNTRY LAKE, SUITE 220  
HOUSTON, TEXAS 77024  
PH: (713) 647-9211  
FAX: (713) 647-9113  
EMAIL: www.developmentservicesinc.com

**SURVEYOR'S CERTIFICATION**

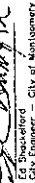
I, David J. Straluss, do hereby certify that I prepared this plat from an actual and accurate survey of the land and that the corner monuments shown thereon were properly placed under my personal supervision, in accordance with the subdivision regulations of the City of Montgomery, Texas.



  
David J. Straluss  
City Engineer - City of Montgomery  
Texas Registration No. 4633

**CITY OF MONTGOMERY**

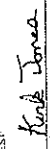

I, the undersigned, Engineer for the City of Montgomery, hereby certify that this subdivision complies with the subdivision regulations of the City as to which this plat is submitted.

  
Ed Shuckelford  
City Engineer - City of Montgomery

This plat and subdivision has been submitted to and considered by the City Planning and Zoning Commission and the City Council of the City of Montgomery, Texas and is hereby approved by said commission and Council.

Dated this 22nd day of July, 2015

**ATTEST:**

By:   
Kay Jones  
Mayor  
By:   
Sergio Govea  
Chairman, Planning and Zoning Commission



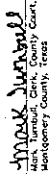
  
Susan Hendrix  
City Secretary

**COUNTY CLERK**

I, Mark Timball, Clerk of the County Court of Montgomery County, Texas, do hereby certify that the within instrument with its certificate of authentication was filed for registration in my office on July 14, 2018, at 9:51 A.M., and that the same is duly recorded in the office of the County Clerk of said County, Book 147, at page 1. Record of Maps.

WITNESS MY HAND AND SEAL OF OFFICE, at Conroe, Montgomery County, Texas the day and date last above written.



  
Mark Timball  
County Clerk, Montgomery County, Texas

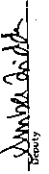
  
Amber Gault  
Deputy



EXHIBIT "D"  
SIGN CRITERIA  
BUFFALO SPRINGS MARKETPLACE

1. Sign Requirements:

Tenant shall install (or cause to be installed) the exterior fascia and other signs in accordance with the following specifications:

- A. All signs and sign contractors shall be approved by Landlord.
1. The Landlord recommends the Tenant use a sign contractor listed on Page 4 of this exhibit for strict uniformity of all signs within the center. Said companies are licensed by the City of Houston, and carries the required liability and Worker's Compensation (provide Certificate of Insurance) insurance. The sign contractors shall be held liable, and shall bear all costs for removal and/or correction of signs that do not conform to this sign criteria.
  2. Three (3) sets of detailed shop drawings (plans and specifications) bearing the name, address, and telephone number of the sign manufacturer, Tenant's name and address shall be submitted to the Landlord's office for written acknowledgement and approval of the plans.
  3. Fabrication and installation shall not commence prior to approval by Landlord.
  4. Fabrication and installation shall be in accordance with the approved shop drawings and this criteria.
- B. The following shall NOT be permitted:
1. Exposed neon, exposed lamps, moving character (animated), flashing action, intermittent (blinking) illumination, scintillating, audible signs, panel, flat cut-out letters, or cabinet signs.
  2. Identification tags, marking signs, designations, or other descriptive placements which identify the manufacturer or fabricator of the sign, whether such tags are on Tenant's sign(s) (unless located on the top of the sign letter "non-readable" from Shopping Center's common areas), on the building structure, or elsewhere on the Shopping Center.

2. Sign Controls:

A. Exterior "Sign Band" Signs:

All signs shall be internally illuminated individual channel letters as follows:

- B. Tenant's logo, hallmark, insignia, or trade identification will be respected (under the "color", "style" control) if practicable at the sole discretion of the Landlord.
1. Location:
    - a. Centered on the "Sign Band" and centered within the lease premises frontage.
    - b. Height: All signs (one line of copy) shall have a vertical height of 36", upper case. If two lines of copy are required, the letters shall have a vertical height of 24" (maximum upper line of copy), upper case, and 18" (maximum lower line of copy) with a 4" open space between the lines.
    - c. Signs shall be level vertically and be centered on the "Sign Band".

- d. Horizontal Length: The Length shall not exceed 80% of the lease premise frontage.
  - e. Letter Depth: Channel letters shall have a 5" return.
  - f. All letters shall be on a single raceway of Aluminum construction with 1" square tube minimum frame and 0.063 minimum Aluminum sheet covers. A single line of copy will be on 6" (deep) x 6" tall raceway and the letters shall be centered vertically on this raceway. Further, if there are two (2) lines of copy, they will be on a individual raceways 6" (deep) x 6" (tall). Raceways will be painted to specifications of existing raceways.  
Color: " " TO MATCH FASCIA
2. Color; Style: Faces are to be 3/16" thick **WHITE #7328**, Trucast plexiglass or equivalent.
3. Fabrication:
- a. Channel letters are to be Wrisco Dark Bronze pre-finished aluminum with 1" Dark Bronze Jewelite trim.
  - b. Electrical wiring and connections shall comply with the National Electrical Codes in addition to bearing the Underwriters Laboratory Label or be built to comply with Underwriters Laboratory Requirements. Internal illumination shall be evenly distributed. The number of lines of LED Modules shall be sufficient number to evenly illuminate each letter; only white LED illuminating, 60W/12V LED Power Supply(s) shall be used.
  - c. Thickness of plexiglass face shall be 3/16 inch.
4. Installation:
- a. All external materials such as fasteners, screws, bolts, rivets, washers, etc. used in manufacture and installation of signs shall be of non-corrosive (non-ferrous) materials. Light shall not be visible from or around any of the preceding materials. Letter and electrical connections shall have 1/4" thick spacers of "Quick Connection Nuts".
  - b. All wiring, conduit, transformers, accessories, etc. are to be concealed in an approved manner subject to Landlord's approval (Refer to diagram attached hereto). No exposed wires or conduit is permitted. All electrical components must meet U.L. specifications. Wiring and hook-up of the sign shall be at Tenant's expense. Access to suspended sheetrock ceiling will be by removable panel only.
  - c. All sign letters and their supports shall be designed to withstand a minimum allowable resultant wind pressure of thirty (30) pounds per square foot and shall be constructed (built), installed and erected in accordance with the requirements of all applicable laws and/or ordinances.
- C. Front Door Entrance, Transom Signs:
- Non-illuminated letters and/or logos will be permitted on the store front entry door(s) or transom (s). Size and material shall be at Tenant's choice, but must be submitted to Landlord for approval prior to fabrication and installation. Color shall be the same as Tenant's sign band sign. Maximum projection from store front entry door(s) shall be 1 inch; for transom signs, maximum projection from face of door shall be 2 inches.

D. Rear Delivery Door Identification (Exposed to Service Area Only):

Porcelain enamel on steel or vinyl cut letters on fluropan aluminum sign plaques (bearing Tenant's name only) shall be affixed with non-corrosive attachments. Letters shall be 4 inches. Top of plaque shall be 5 feet measured to the bottom of the door

3. Sign Maintenance:

- A. Tenant shall maintain all sign(s) LED Modules & Power Supply(s), sign accessories supports or associated materials in good condition and repair. If Landlord determines that any sign presents a threat of injury to person or property, or causes obstruction to the use of the sidewalk, parking, roadway, or interferes with the operation of any municipal departments (fire, police, etc.), other Tenant's, or Landlord's activities, it shall be the responsibility (at Tenant's sole cost and expense), of Tenant or Tenant's agents to remove, install, or repair the same properly, immediately upon notice from any such municipal departments, or from Landlord (or Landlord's representative).
- B. If Landlord deems it necessary to remove any of Tenant's signs in order to paint, redecorate, or make repairs, alterations or improvements in or to the leased premises or any part of the building to which Tenant's sign(s) may be affixed, Landlord shall have the right to do so, provided the same be removed and replaced at Landlord's initial cost and expense, unless the necessity therefore shall have been occasioned through the acts of Tenant or others. Landlord shall have the right, without notice to Tenant, to remove any sign installed by Tenant in violation of this Exhibit "D", Article XV "Signs" of the Lease Agreement or Exhibit "F", Rules and Regulations of SPRING MARKETPLACE and to charge Tenant the cost of such removal, storage and/or destruction, and/or repairs necessitated thereby, without liability to the Tenant for any damage caused by such removal. Tenant shall pay Landlord the cost immediately thereof upon presentation to Tenant by Landlord of a statement showing the costs so incurred by the Landlord. Tenant shall indemnify and hold Landlord harmless from any claims arising from such removal.

4. Amendment to Sign Criteria:

No "Sign Criteria" other than the preceding shall be furnished by the Tenant to any Sign Contractor. This criteria may be modified, changed, or added to, from time to time by notice from Landlord or Landlord's authorized representative.

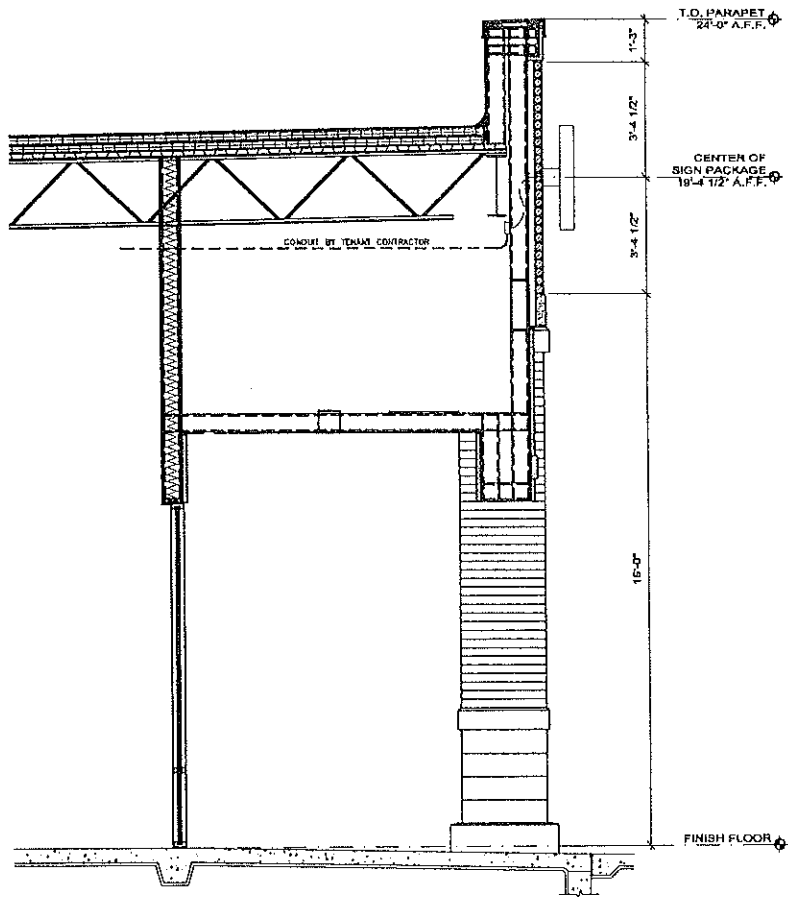
5. Landlord agrees that Tenant may have any sign company who meets these requirements bid and build Tenant's sign per this sign criteria. Landlord's List of Approved Sign companies:

**Brite Lite Sign Service Co.**  
9901 Regal Row  
Houston, TX 77040

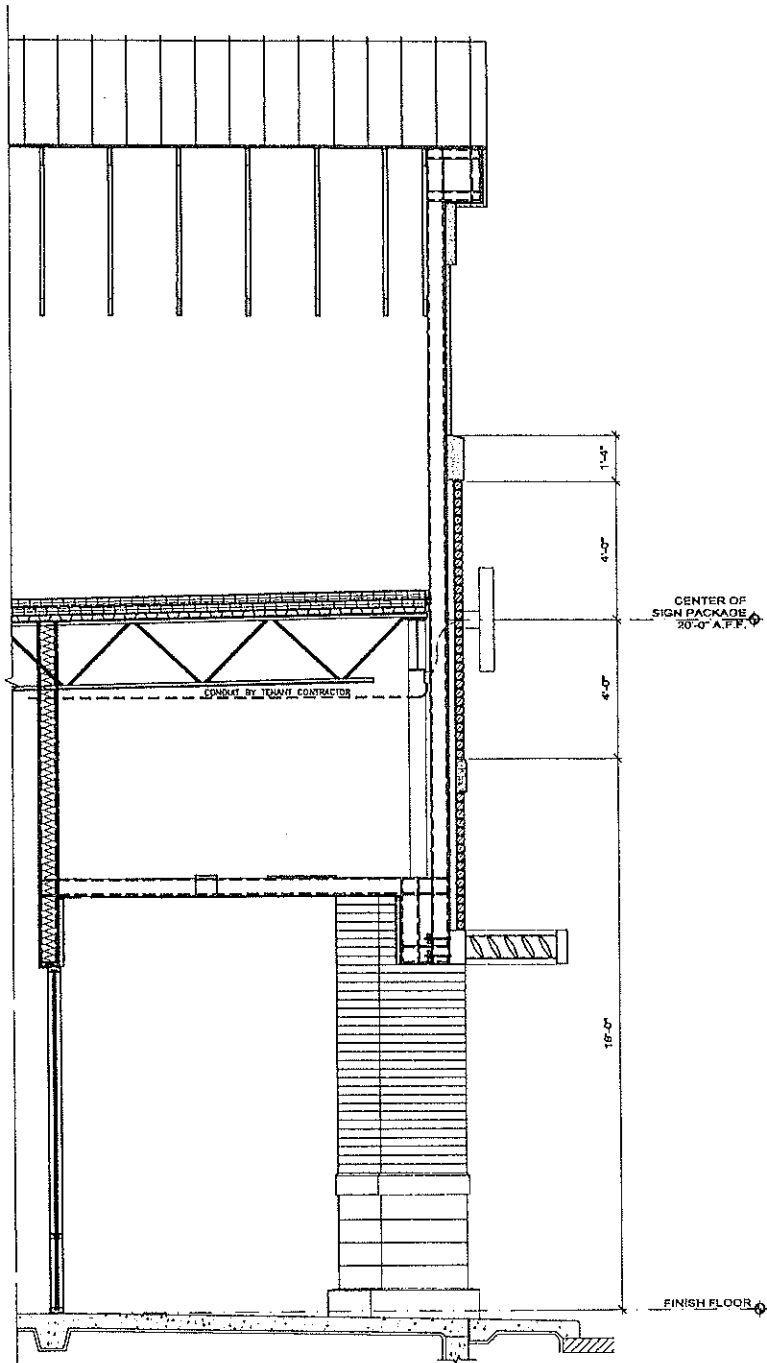
**(713) 849-5545**  
Gloria Baker

**Gulf Coast Signs & Graphics**  
7323 Domino Lane  
Houston, Texas 77076

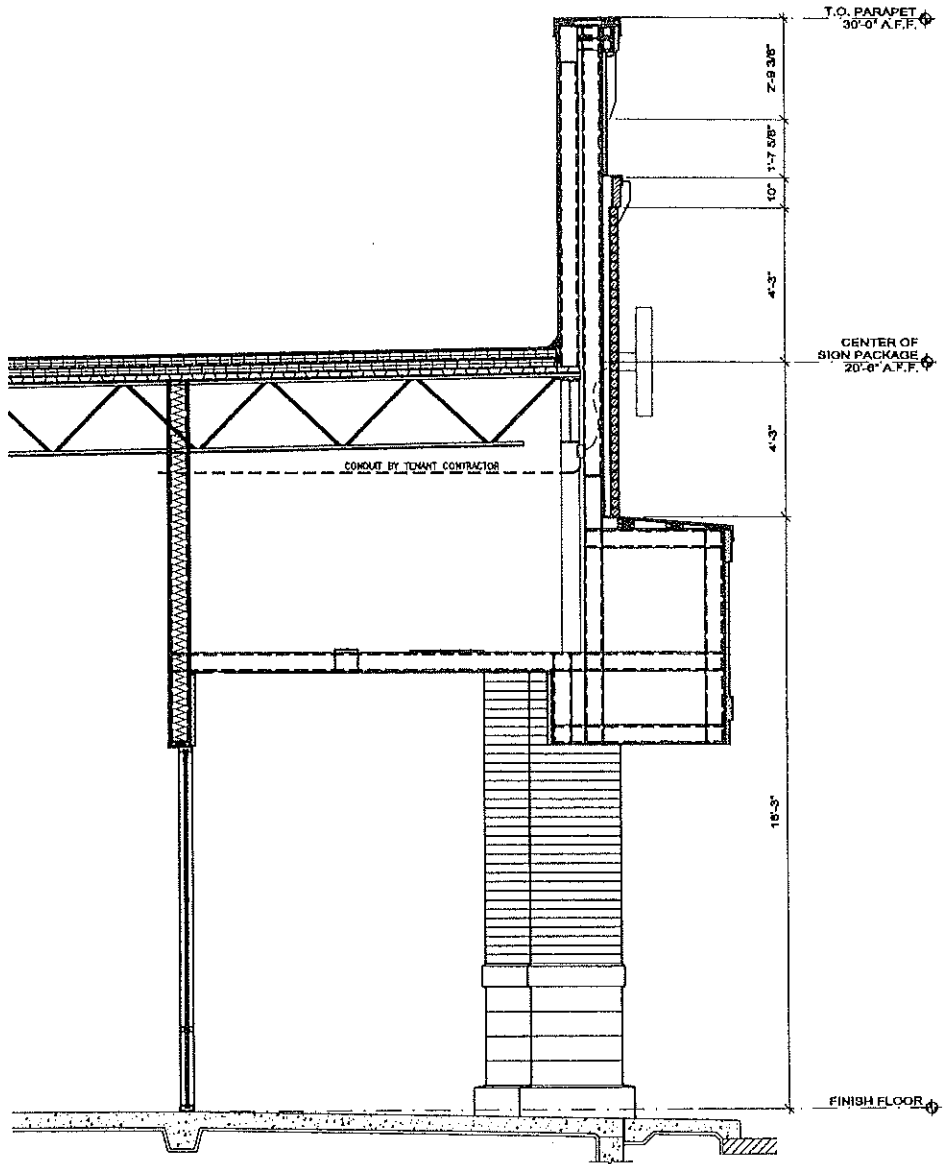
**(281) 888-7062**  
Kelly Cottingham



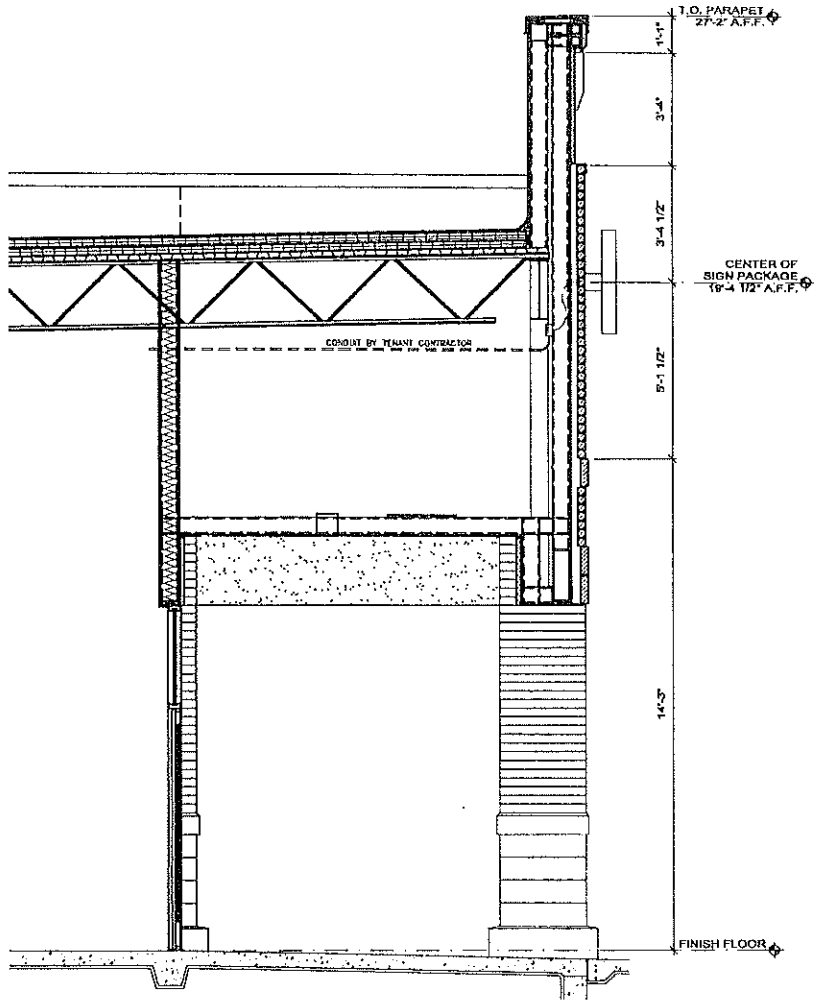
**1 SECTION - TYPICAL**  
 SCALE: 1/4" = 1'-0"



2 SECTION - WEST TOWER  
 SCALE: 1/4" = 1'-0"



**3 SECTION - CENTER TOWER**  
 SCALE: 1/4" = 1'-0"



**4 SECTION - EAST TOWER**

SCALE: 1/4" = 1'-0"

3/21/2017

Mail :: Inbox: Montgomery

**Date:** Tue, 21 Mar 2017 14:41:53 -0500 [02:41:53 PM CDT]

**From:** Steve Kohring <skohring@fallscap.com>

**To:** ctcl@grandecom.net

**Subject:** Montgomery

**Part(s):** 2 BuffaloSpringsSIGNCRITERIA.PDF 608 KB

1 unnamed 3.19 KB

John – See attached sign specs for the lease space, particularly the last 4 pages. We can submit this to the city with the floorplan. I should have the floorplan by Friday morning. Thanks

**Steve Kohring**

CFO

Falls Capital, Inc.

PTP Construction Services, LLC

Wornat Land & Cattle, LLC

207 Craik St.

Marlin, TX 76661

Office 254-803-9636

Cell 254-640-2838

Fax 254-883-2776

skohring@fallscap.com

1.1 unnamed 0.44 KB



EXHIBIT "D"  
SIGN CRITERIA  
BUFFALO SPRINGS MARKETPLACE

1. Sign Requirements.

Tenant shall install (or cause to be installed) the exterior fascia and other signs in accordance with the following specifications:

A. All signs and sign contractors shall be approved by Landlord.

1. The Landlord recommends the Tenant use a sign contractor listed on Page 4 of this exhibit for strict uniformity of all signs within the center. Said companies are licensed by the City of Houston, and carries the required liability and Worker's Compensation (provide Certificate of Insurance) insurance. The sign contractors shall be held liable, and shall bear all costs for removal and/or correction of signs that do not conform to this sign criteria.
2. Three (3) sets of detailed shop drawings (plans and specifications) bearing the name, address, and telephone number of the sign manufacturer, Tenant's name and address shall be submitted to the Landlord's office for written acknowledgement and approval of the plans.
3. Fabrication and installation shall not commence prior to approval by Landlord.
4. Fabrication and installation shall be in accordance with the approved shop drawings and this criteria.

B. The following shall NOT be permitted:

1. Exposed neon, exposed lamps, moving character (animated), flashing action, intermittent (blinking) illumination, scintillating, audible signs, panel, flat cut-out letters, or cabinet signs
2. Identification tags, marking signs, designations, or other descriptive placements which identify the manufacturer or fabricator of the sign, whether such tags are on Tenant's sign(s) (unless located on the top of the sign letter "non-readable" from Shopping Center's common areas), on the building structure, or elsewhere on the Shopping Center.

2. Sign Controls:

A. Exterior "Sign Band" Signs:

All signs shall be internally illuminated individual channel letters as follows.

B. Tenant's logo, hallmark, insignia, or trade identification will be respected (under the "color", "style" control) if practicable at the sole discretion of the Landlord.

1. Location:

- a. Centered on the "Sign Band" and centered within the lease premises frontage.
- b. Height: All signs (one line of copy) shall have a vertical height of 36" upper case. If two lines of copy are required, the letters shall have a vertical height of 24" (maximum upper line of copy), upper case, and 18" (maximum lower line of copy) with a 4" open space between the lines.
- c. Signs shall be level vertically and be centered on the "Sign Band".

- d. Horizontal Length: The Length shall not exceed 80% of the lease premise frontage.
  - e. Letter Depth: Channel letters shall have a 5" return.
  - f. All letters shall be on a single raceway of Aluminum construction with 1" square tube minimum frame and 0.063 minimum Aluminum sheet covers. A single line of copy will be on 6" (deep) x 6" tall raceway and the letters shall be centered vertically on this raceway. Further, if there are two (2) lines of copy, they will be on a individual raceways 6" (deep) x 6" (tall). Raceways will be painted to specifications of existing raceways.  
Color: " " TO MATCH FASCIA
2. Color; Style: Faces are to be 3/16" thick WHITE #7328, Trucast plexiglass or equivalent.
3. Fabrication:
- a. Channel letters are to be Wrisco Dark Bronze pre-finished aluminum with 1" Dark Bronze Jewelite trim.
  - b. Electrical wiring and connections shall comply with the National Electrical Codes in addition to bearing the Underwriters Laboratory Label or be built to comply with Underwriters Laboratory Requirements. Internal illumination shall be evenly distributed. The number of lines of LED Modules shall be sufficient number to evenly illuminate each letter; only white LED illuminating, 60W/12V LED Power Supply(s) shall be used.
  - c. Thickness of plexiglass face shall be 3/16 inch.
4. Installation:
- a. All external materials such as fasteners, screws, bolts, rivets, washers, etc. used in manufacture and installation of signs shall be of non-corrosive (non-ferrous) materials. Light shall not be visible from or around any of the preceding materials. Letter and electrical connections shall have 1/2" thick spacers of "Quick Connection Nuts"
  - b. All wiring, conduit, transformers, accessories, etc. are to be concealed in an approved manner subject to Landlord's approval (Refer to diagram attached hereto). No exposed wires or conduit is permitted. All electrical components must meet U.L. specifications. Wiring and hook-up of the sign shall be at Tenant's expense. Access to suspended sheetrock ceiling will be by removable panel only.
  - c. All sign letters and their supports shall be designed to withstand a minimum allowable resultant wind pressure of thirty (30) pounds per square foot and shall be constructed (built), installed and erected in accordance with the requirements of all applicable laws and/or ordinances.
- C. Front Door Entrance, Transom Signs
- Non-illuminated letters and/or logos will be permitted on the store front entry door(s) or transom (s). Size and material shall be at Tenant's choice, but must be submitted to Landlord for approval prior to fabrication and installation. Color shall be the same as Tenant's sign band sign. Maximum projection from store front entry door(s) shall be 1 inch; for transom signs, maximum projection from face of door shall be 2 inches.

D. Rear Delivery Door Identification (Exposed to Service Area Only):

Porcelain enamel on steel or vinyl cut letters on fluropan aluminum sign plaques (bearing Tenant's name only) shall be affixed with non-corrosive attachments. Letters shall be 4 inches. Top of plaque shall be 5 feet measured to the bottom of the door

3. Sign Maintenance.

- A. Tenant shall maintain all sign(s) LED Modules & Power Supply(s), sign accessories supports or associated materials in good condition and repair. If Landlord determines that any sign presents a threat of injury to person or property, or causes obstruction to the use of the sidewalk, parking, roadway, or interteres with the operation of any municipal departments (fire, police, etc.), other Tenant's, or Landlord's activities, it shall be the responsibility (at Tenant's sole cost and expense), of Tenant or Tenant's agents to remove, install, or repair the same properly, immediately upon notice from any such municipal departments, or from Landlord (or Landlord's representative).
- B. If Landlord deems it necessary to remove any of Tenant's signs in order to paint, redecorate, or make repairs, alterations or improvements in or to the leased premises or any part of the building to which Tenant's sign(s) may be affixed, Landlord shall have the right to do so, provided the same be removed and replaced at Landlord's initial cost and expense, unless the necessity therefore shall have been occasioned through the acts of Tenant or others. Landlord shall have the right, without notice to Tenant, to remove any sign installed by Tenant in violation of this Exhibit "D", Article XV "Signs" of the Lease Agreement or Exhibit "F", Rules and Regulations of SPRING MARKETPLACE and to charge Tenant the cost of such removal, storage and/or destruction, and/or repairs necessitated thereby, without liability to the Tenant for any damage caused by such removal. Tenant shall pay Landlord the cost immediately thereof upon presentation to Tenant by Landlord of a statement showing the costs so incurred by the Landlord. Tenant shall indemnify and hold Landlord harmless from any claims arising from such removal.

4. Amendment to Sign Criteria

No "Sign Criteria" other than the preceding shall be furnished by the Tenant to any Sign Contractor. This criteria may be modified, changed, or added to, from time to time by notice from Landlord or Landlord's authorized representative.

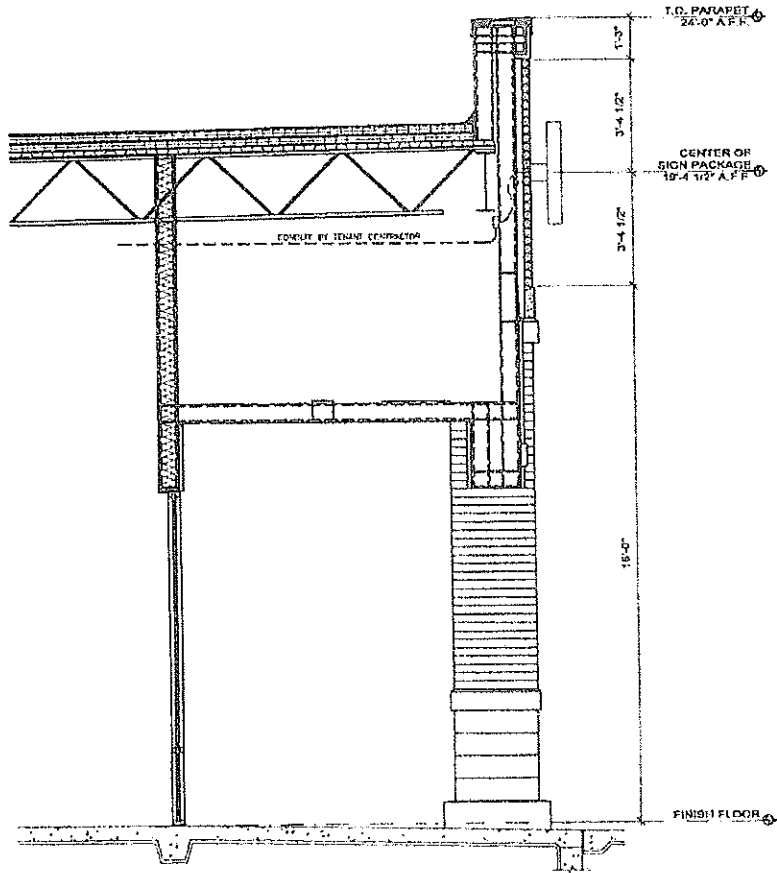
5. Landlord agrees that Tenant may have any sign company who meets these requirements bid and build Tenant's sign per this sign criteria. Landlord's List of Approved Sign companies:

Brite Lite Sign Service Co.  
9901 Regal Row  
Houston, TX 77040

(713) 849-5545  
Gloria Baker

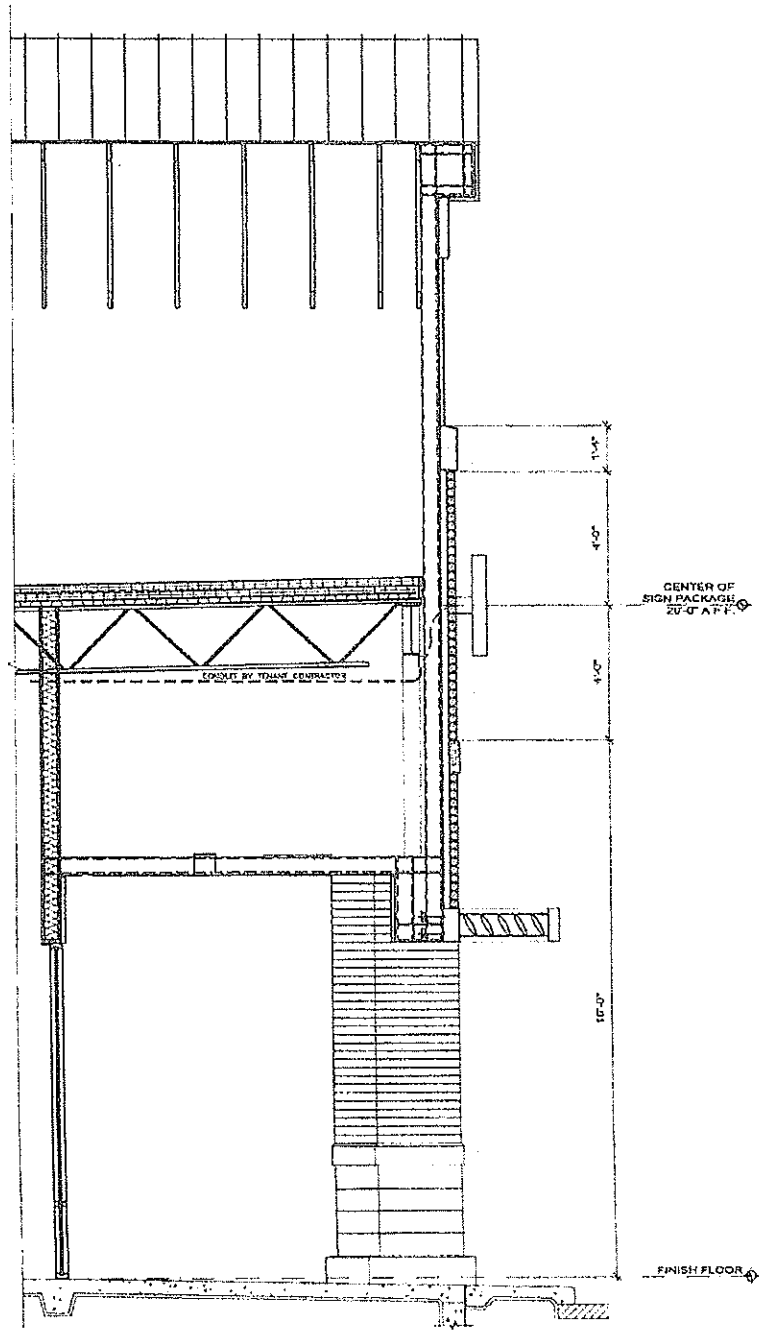
Gulf Coast Signs & Graphics  
7323 Domino Lane  
Houston, Texas 77076

(281) 888-7062  
Kelly Cottingham

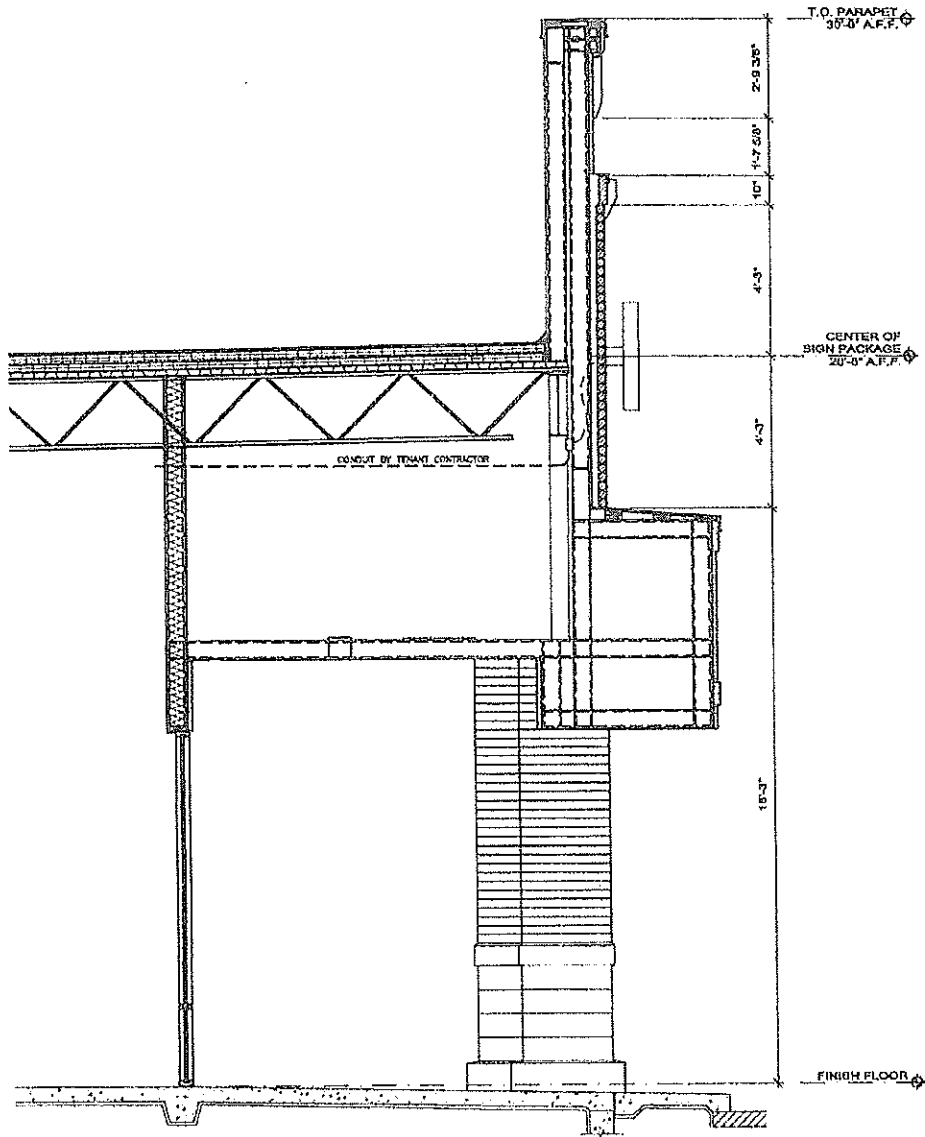


① SECTION - TYPICAL

SCALE: 1/4" = 1'-0"

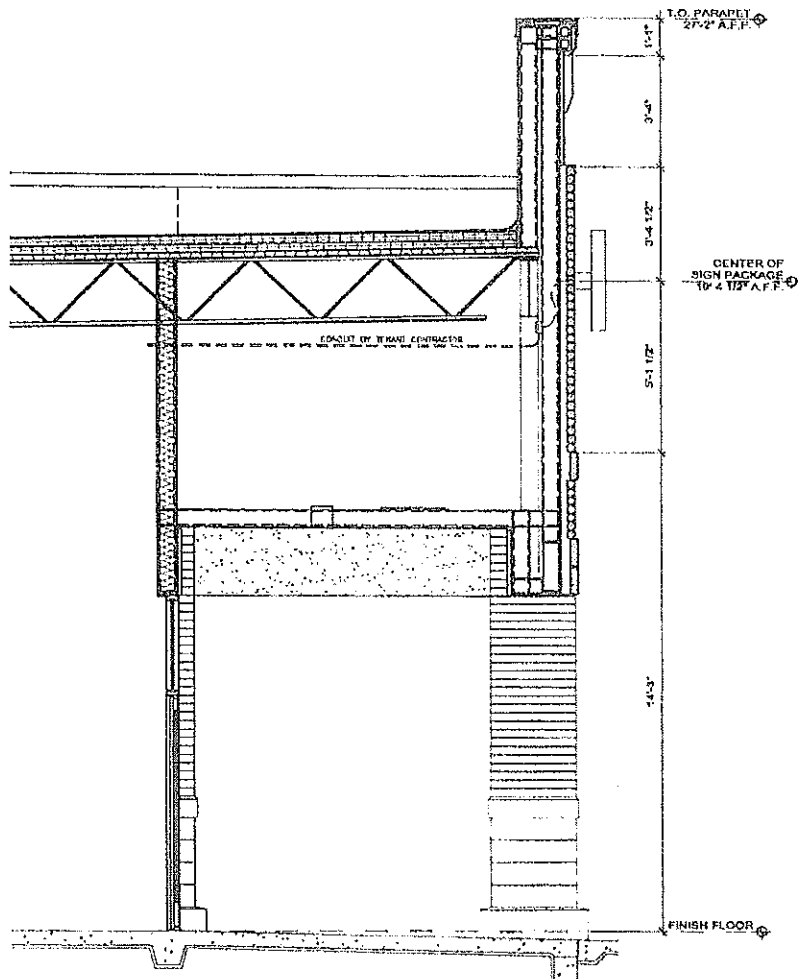


2 SECTION - WEST TOWER  
 SCALE: 1/4" = 1'-0"



**3 SECTION - CENTER TOWER**

SCALE: 1/4" = 1'-0"



4 SECTION - EAST TOWER  
SCALE: 1/4" = 1'-0"

Montgomery City Council  
**AGENDA REPORT**

ITEM# 9

<b>Meeting Date:</b> April 11, 2017	<b>Budgeted Amount:</b>
<b>Department:</b> Administrative	
<b>Prepared By:</b> Susan Hensley, City Secretary	<b>Exhibits:</b> Application Pack as submitted.
<b>Date Prepared:</b> April 5, 2017	

**Subject**

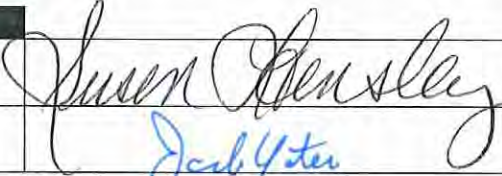
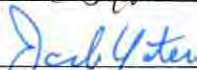
Schedule a Public Hearing for The Kroger Company Alcohol Beverage Permit Application

**Recommendation**

Approve scheduling the Public Hearing to be held on April 25, 2017 at 6 p.m.

**Discussion**

This is to schedule a Public Hearing regarding an Alcohol Beverage Permit Application for The Kroger Company located at 20168 Eva Street, Montgomery for Wine and Beer Retailer's Off-Premise Permit, be held on April 25, 2017 at 6:00 p.m.

<b>Approved By</b>		
City Secretary		Date: April 5, 2017
City Administrator		Date:





City of Montgomery  
Alcohol Beverage  
License Application

City of Montgomery, Texas  
P.O. Box 708  
Montgomery, Texas 77356  
936-597-3288  
[www.montgomerytexas.gov](http://www.montgomerytexas.gov)

APPLICATION FOR THE SALE OF ALCOHOLIC BEVERAGE LICENSE

Date Received by the City: 4/6/17

1. Type of Alcoholic Beverage License:

- (1) Category A – Off Premises Consumption Sale of All Alcoholic Beverages – Package Store
- (2) Category B – Off Premises Consumption Sale of Wine, Beer or Ale.
- (3) Category C – Off Premises Consumption Sale of Beer.
- (4) Category D – On Premises Consumption Sale of Beer, Wine and Mixed beverages – Restaurant or Café, where the sale of beer, wine and mixed beverage on the premises would be incidental to the restaurant or café.
- (5) Category E – On Premises Consumption Sale of Beer, Wine and Mixed beverages – Tavern, Lounge, or Bar. The sale of Beer, Wine and Mixed beverages for On-Premises Consumption being the principal business line.
- (6) Category F – Warehouse storage of Beer, Wine or Liquor for Distributors – No sale of Beer for on or Off-Premises Consumption permitted on the Premises.

2. Legal Description of the property for which License is sought. (Either by Lot and Block number or by a Metes and Bounds Description): SEE ATTACHED

3. Exact Nature of the Business to be operated. (Must be fully described).

4. Attach a Plat of the property to the Application showing the improvements, parking areas, location of signage and other structures on the property and within three hundred (300) feet to scale.

5. Description of signs and the hours they will be operated to be attached as a separate document.  
6am-1am - COULD CHANGE TO 24 hrs.

6. Attach floor plan of the building in which the business is to be conducted (showing fixtures, furniture, restrooms, kitchen and other equipment).

7. Attach a verified statement stating that the building is not within three hundred (300) feet of a church, school or hospital and that the building is in compliance with the requirements of this chapter for separate and adequate toilet facilities for men and women if used for on-premises consumption of beer, liquor or wine. This can be included in cover letter.

8. Business Owner: HENPIL, INC. Phone: 713-507-6086  
Address: 19245 DAVID MEMORIAL DR., SHENANDOAH, TX 77385  
Home Address: \_\_\_\_\_ Phone: \_\_\_\_\_  
Check if you are leasing property: [ ]

9. Land Owner: THE KRGOER COMPANY Phone: 513-762-4000  
Address: 1014 VINE ST., CINCINNATI, OH 45202

10. Business Partners: SEE ATTACHED Phone: \_\_\_\_\_  
Address: \_\_\_\_\_  
Home Address: \_\_\_\_\_ Phone: \_\_\_\_\_

-----  
This is to certify that I, JAMES E. ROONEY-VP have complied with all State, County, Codes and Regulations of the City of Montgomery, Texas.

HENPIL, INC. or \_\_\_\_\_  
Business Owner and/or Lessee Partner if Applicable

AFFIDAVIT OF ANY FACT

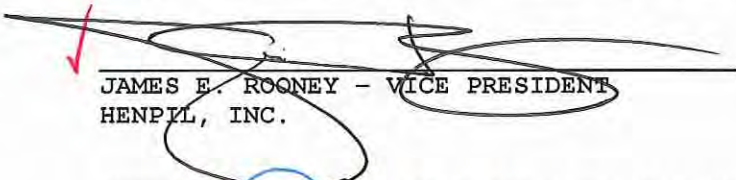
STATE OF TEXAS     )  
COUNTY OF HARRIS    )

BEFORE ME, THE UNDERSIGNED AUTHORITY, THIS DAY PERSONALLY APPEARED JAMES E, ROONEY, WHO DOES DEPOSE AND SAY:

THAT, HENPIL, ICN. ARE APPLICANTS FOR A BEER AND WINE REATILER'S OFF-PREMISE PERMIT TO BE ISSUED TO KROGER #142, LOCATED AT 20168 EVA, MONTGOMERY, MONTGOMERY COUNTY, TX.

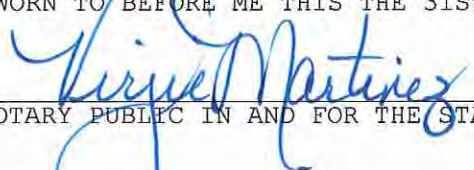
STATE THAT THE BUILDING FOR THE ABOVE ADDRESS IS NOT WITHIN 300 FEET OF A CHURCH, SCHOOL OR HOSPITAL AND THE BUILDING IS IN COMPLIANCE WITH THE REQUIREMENTS OF THIS CHAPTER FOR SEPERATE AND ADEQUATE TOILET FACILITIES FOR MEN AND WOMEN. AND

THAT, THE ABOVE STATEMENT IS TRUE AND CORRECT.

  
A handwritten signature in black ink, appearing to read "James E. Rooney", is written over a horizontal line. A red checkmark is visible to the left of the signature.

JAMES E. ROONEY - VICE PRESIDENT  
HENPIL, INC.

SWORN TO BEFORE ME THIS THE 31ST, DAY OF MARCH, 2017.

  
A handwritten signature in blue ink, appearing to read "Virgie Martinez", is written over a horizontal line.

NOTARY PUBLIC IN AND FOR THE STATE OF TEXAS

S E A L





## CORPORATION

L-C  
(05/2016)

This Corporation form should be completed for original applications or for changes of officers, directors, stockholders, trustees, and beneficiaries holding ownership in this business. This form is included in the Business Packet (L-B) for new applicants. License/Permit holders reporting changes use Business Packet for Reporting Changes (L-BRC).

For more information contact your local TABC office or visit us at: [www.tabc.texas.gov](http://www.tabc.texas.gov)

## ENTITY INFORMATION

1. Federal Employer Identification Number (FEIN)

74-6044519

2. Business Entity Name

Henpil, Inc.

3. Filing Number

126485

4. Date Filed (mm/dd/yyyy)

06/14/1955

State

TX

Class and Number of Shares Issued

980 Common

## CORPORATE OWNERSHIP INFORMATION

 Officer  Director  Stockholder  Trustee/Beneficiary

SSN <input type="checkbox"/> Out of Country 161-56-7681	Issuing State/DL No. OH RG288722	Date of Birth (mm/dd/yyyy) 02/27/171	Class & No. of Shares -0-
------------------------------------------------------------	-------------------------------------	-----------------------------------------	------------------------------

Last Name Wheatley	First Name Christine	MI S	Title Pres./Secy.
-----------------------	-------------------------	---------	----------------------

 Officer  Director  Stockholder  Trustee/Beneficiary

SSN <input type="checkbox"/> Out of Country 296-82-4807	Issuing State/DL No. OH RT142521	Date of Birth (mm/dd/yyyy) 08/06/1969	Class & No. of Shares -0-
------------------------------------------------------------	-------------------------------------	------------------------------------------	------------------------------

Last Name Foley	First Name Todd	MI A	Title V.Pres./Treas.
--------------------	--------------------	---------	-------------------------

 Officer  Director  Stockholder  Trustee/Beneficiary

SSN <input type="checkbox"/> Out of Country 196-36-4276	Issuing State/DL No. TX 13524105	Date of Birth (mm/dd/yyyy) 01/18/1947	Class & No. of Shares -0-
------------------------------------------------------------	-------------------------------------	------------------------------------------	------------------------------

Last Name Rooney	First Name James	MI E	Title V.President
---------------------	---------------------	---------	----------------------

 Officer  Director  Stockholder  Trustee/Beneficiary

SSN <input type="checkbox"/> Out of Country 460-64-7892	Issuing State/DL No. TX 05050803	Date of Birth (mm/dd/yyyy) 12/22/1943	Class & No. of Shares -0-
------------------------------------------------------------	-------------------------------------	------------------------------------------	------------------------------

Last Name Rutledge	First Name Patsy	MI J	Title V.President
-----------------------	---------------------	---------	----------------------

**CORPORATE OWNERSHIP INFORMATION** CONTINUED

Officer  Director  Stockholder  Trustee/Beneficiary

SSN <input type="checkbox"/> Out of Country 281-66-6658	Issuing State/DL No. <b>TX 15043731</b>	Date of Birth (mm/dd/yyyy) 09/16/1958	Class & No. of Shares <b>-0-</b>
------------------------------------------------------------	--------------------------------------------	------------------------------------------	-------------------------------------

Last Name <b>Storch</b>	First Name <b>Kimberly</b>	MI	Title <b>V.President</b>
----------------------------	-------------------------------	----	-----------------------------

Officer  Director  Stockholder  Trustee/Beneficiary

SSN <input type="checkbox"/> Out of Country 454-26-1634	Issuing State/DL No. <b>TX 01581315</b>	Date of Birth (mm/dd/yyyy) 05/07/1919	Class & No. of Shares <b>-0-</b>
------------------------------------------------------------	--------------------------------------------	------------------------------------------	-------------------------------------

Last Name <b>Cannon</b>	First Name <b>Jack</b>	MI <b>L</b>	Title <b>V.President</b>
----------------------------	---------------------------	----------------	-----------------------------

Officer  Director  Stockholder  Trustee/Beneficiary

SSN <input type="checkbox"/> Out of Country 218-74-6367	Issuing State/DL No. <b>OH RW309656</b>	Date of Birth (mm/dd/yyyy) 11/01/1961	Class & No. of Shares <b>-0-</b>
------------------------------------------------------------	--------------------------------------------	------------------------------------------	-------------------------------------

Last Name <b>Bradley</b>	First Name <b>Joseph</b>	MI <b>W</b>	Title <b>Asst. Treas.</b>
-----------------------------	-----------------------------	----------------	------------------------------

Officer  Director  Stockholder  Trustee/Beneficiary

SSN <input type="checkbox"/> Out of Country	Issuing State/DL No.	Date of Birth (mm/dd/yyyy)	Class & No. of Shares
---------------------------------------------	----------------------	----------------------------	-----------------------

Last Name <b>Rocket Newco, Inc.</b>	First Name <b>FEI# 76-0542912</b>	MI	Title <b>Stockholder</b>
----------------------------------------	--------------------------------------	----	-----------------------------

Officer  Director  Stockholder  Trustee/Beneficiary

SSN <input type="checkbox"/> Out of Country	Issuing State/DL No.	Date of Birth (mm/dd/yyyy)	Class & No. of Shares
---------------------------------------------	----------------------	----------------------------	-----------------------

Last Name	First Name	MI	Title
-----------	------------	----	-------

Officer  Director  Stockholder  Trustee/Beneficiary

SSN <input type="checkbox"/> Out of Country	Issuing State/DL No.	Date of Birth (mm/dd/yyyy)	Class & No. of Shares
---------------------------------------------	----------------------	----------------------------	-----------------------

Last Name	First Name	MI	Title
-----------	------------	----	-------

Officer  Director  Stockholder  Trustee/Beneficiary

SSN <input type="checkbox"/> Out of Country	Issuing State/DL No.	Date of Birth (mm/dd/yyyy)	Class & No. of Shares
---------------------------------------------	----------------------	----------------------------	-----------------------

Last Name	First Name	MI	Title
-----------	------------	----	-------

**IF YOU NEED MORE SPACE USE ADDITIONAL COPIES OF THIS PAGE**





**OFF-PREMISE PREQUALIFICATION PACKET**

**COPY**  
L-OFF  
(01/2016)

Submit this packet to the proper governmental entities to obtain certification for the type of license/permit for which you are applying as required by Sections 11.37, 11.39, 11.46(b), 61.37, 61.38, 61.42 and Rule §33.13

All statutory and rule references mentioned in this application refer to and can be found in the Texas Alcoholic Beverage Code or Rules located on our website. [www.tabc.texas.gov/laws/code\\_and\\_rules.asp](http://www.tabc.texas.gov/laws/code_and_rules.asp)

**LOCATION INFORMATION**

1. Application for:  Original

Reinstatement License/Permit Number \_\_\_\_\_

Change of Licensed Location License/Permit Number \_\_\_\_\_

2. Type of Off-Premise License/Permit

- |                                                                                           |                                                                  |
|-------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| <input checked="" type="checkbox"/> <b>BQ</b> Wine and Beer Retailer's Off-Premise Permit | <input type="checkbox"/> <b>LP</b> Local Distributor's Permit    |
| <input type="checkbox"/> <b>BF</b> Beer Retail Dealer's Off-Premise License               | <input type="checkbox"/> <b>E</b> Local Cartage Permit           |
| <input type="checkbox"/> <b>P</b> Package Store Permit                                    | <input type="checkbox"/> <b>ET</b> Local Cartage Transfer Permit |
| <input type="checkbox"/> <b>Q</b> Wine Only Package Store Permit                          | <input type="checkbox"/> <b>PS</b> Package Store Tasting Permit  |

3. Indicate Primary Business at this Location

- |                                                     |                                                        |
|-----------------------------------------------------|--------------------------------------------------------|
| <input checked="" type="checkbox"/> Grocery/Market  | <input type="checkbox"/> Convenience Store without Gas |
| <input type="checkbox"/> Liquor Store               | <input type="checkbox"/> Miscellaneous _____           |
| <input type="checkbox"/> Convenience Store with Gas |                                                        |

4. Trade Name of Location

Kroger # 142

5. Location Address

20168 Eva Street

City	County	State	Zip Code
Montgomery	Montgomery	TX	77356

6. Mailing Address

19245 David Memorial Dr.

City	State	Zip Code
Shenandoah	TX	77385

7. Business Phone No.

PENDING

Alternate Phone No.

(615) 232-7725

E-mail Address

business.license@kroger.com

**OWNER INFORMATION**

8. Type of Owner

- |                                                        |                                                    |                                                 |
|--------------------------------------------------------|----------------------------------------------------|-------------------------------------------------|
| <input type="checkbox"/> Individual                    | <input checked="" type="checkbox"/> Corporation    | <input type="checkbox"/> City/County/University |
| <input type="checkbox"/> Partnership                   | <input type="checkbox"/> Limited Liability Company | <input type="checkbox"/> Other _____            |
| <input type="checkbox"/> Limited Partnership           | <input type="checkbox"/> Joint Venture             |                                                 |
| <input type="checkbox"/> Limited Liability Partnership | <input type="checkbox"/> Trust                     |                                                 |

9. Business Owner/Applicant

Hempil, Inc.



**OWNERSHIP INFORMATION**  
Continued for Prequalification Packet

**COPY** L-OIC  
(01/2016)

**LOCATION INFORMATION**

1. Trade Name of Location  
Kroger # 142

2. Location Address  
20168 Eva Street

City Montgomery	County Montgomery	State TX	Zip Code 77356
--------------------	----------------------	-------------	-------------------

**OWNER INFORMATION**

3. Type of Owner

<input type="checkbox"/> Individual	<input checked="" type="checkbox"/> Corporation	<input type="checkbox"/> City/County/University
<input type="checkbox"/> Partnership	<input type="checkbox"/> Limited Liability Company	<input type="checkbox"/> Other _____
<input type="checkbox"/> Limited Partnership	<input type="checkbox"/> Joint Venture	
<input type="checkbox"/> Limited Liability Partnership	<input type="checkbox"/> Trust	

Last Name Rutledge	First Name Patsy	MI J	Title V.President
Last Name Storch	First Name Kimberly	MI	Title V.President
Last Name Bradley	First Name Joseph	MI W	Title Asst. Treas.
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title
Last Name	First Name	MI	Title



**WARNING AND SIGNATURE**

**If Applicant Is/Must Sign**

Individual/Individual Owner

Corporation/Officer

Partnership/Partner

Limited Liability Company/ Officer or Manager

Limited Partnership/General Partner

**WARNING:** Section 101.69 of the Texas Alcoholic Beverage Code states: "...a person who makes a false statement or false representation in an application for a permit or license or in a statement, report, or other instrument to be filed with the Commission and required to be sworn commits an offense punishable by imprisonment in the Texas Department of Criminal Justice for not less than 2 nor more than 10 years."

**BY SIGNING YOU ARE SWEARING TO ALL INFORMATION AND ATTACHMENTS TO THIS PACKET.**

PRINT NAME

JAMES E. ROONEY

SIGN HERE

TITLE

VICE PRESIDENT

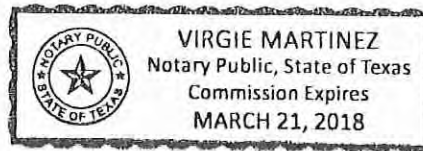
Before me, the undersigned authority, on this 28 day of MARCH, 2017, the

person whose name is signed to the foregoing application personally appeared and, duly sworn by me, states under oath that he or she has read the said application and that all the facts therein set forth are true and correct.

SIGN HERE

*Virgie Martinez*  
NOTARY PUBLIC

SEAL



**CERTIFICATE OF CITY SECRETARY (FOR P, Q, BF & BQ)**

Sections 11.37 & 61.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is inside the boundaries of this city or town, in a "wet" area for such license/permit, and not prohibited by charter or ordinance in reference to the sale of such alcoholic beverages.

SIGN HERE

City Secretary/Clerk

City

TEXAS

SEAL

**CERTIFICATE OF COUNTY CLERK (FOR P, Q & BF)**

Sections 11.37 & 61.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought is in a "wet" area for such license/permit, and is not prohibited by any valid order of the Commissioner's Court.

SIGN HERE

County Clerk

COUNTY

SEAL

## CERTIFICATE OF COUNTY CLERK (FOR BQ)

Section 11.37

I hereby certify on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, that the location for which the license/permit is sought as the place of business is in a "wet" area and is not prohibited by any valid order of the Commissioner's Court for a Wine and Beer Retailer's Off-Premise Permit.

**Most current election for given location was held for:**

- legal sale of all alcoholic beverages for off-premise consumption
- legal sale of all alcoholic beverages
- legal sale of all alcoholic beverages except mixed beverages
- legal sale of all alcoholic beverages including mixed beverages
- legal sale of mixed beverages
- legal sale of mixed beverages in restaurants by food and beverage certificate holders
- legal sale of wine on the premises of a holder of a winery permit
- legal sale of beer/wine (17%) on-premise or beer/wine off-premise **AFTER** Sept. 1, 1999
- legal sale of beer/wine (14%) on-premise or beer/wine off-premise **BEFORE** Sept. 1, 1999

SIGN

HERE \_\_\_\_\_

County Clerk

\_\_\_\_\_ COUNTY

**SEAL**

## COMPTROLLER OF PUBLIC ACCOUNTS CERTIFICATE

Sections 11.46(b) & 61.42(b)

This is to certify on this 30 day of March, 2017, the applicant holds or has applied for and satisfies all legal requirements for the issuance of a Sales Tax Permit under the Limited Sales, Excise and Use Tax Act or the applicant as of this date is not required to hold a Sales Tax Permit.

Sales Tax Permit Number 17460445194

Outlet Number 00026

Print Name of Comptroller Employee Alfred C. Ales

Print Title of Comptroller Employee E.O.

SIGN

HERE \_\_\_\_\_

FIELD OFFICE \_\_\_\_\_

**SEAL**

## PUBLISHER'S AFFIDAVIT (FOR BQ, BF, P & Q)

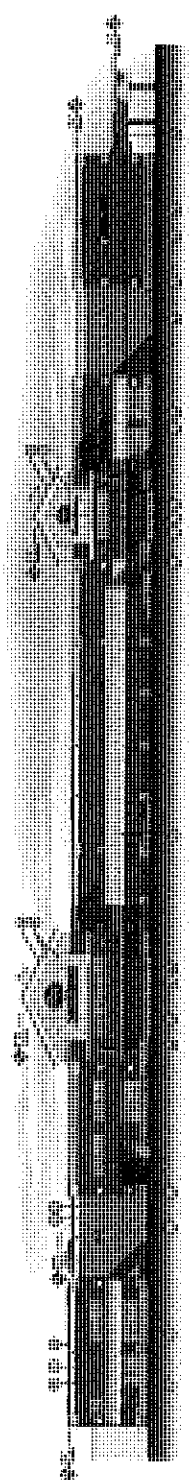
Sections 11.39 & 61.38

Name of newspaper	
City, County	
Dates notice published in daily/weekly newspaper (mm/dd/yyyy)	
<i>Publisher or designee certifies attached notice was published in newspaper stated on dates shown.</i>	
Signature of publisher or designee	
Sworn to and subscribed before me on this date	
Signature of Notary Public	

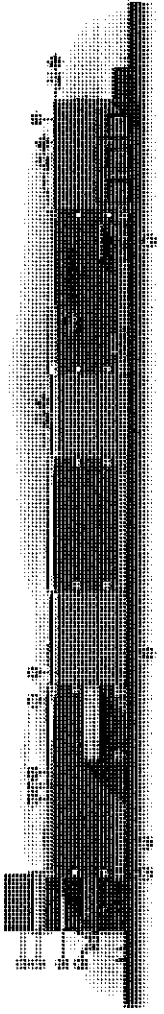
**ATTACH PRINTED  
COPY OF THE  
NOTICE HERE**

**SEAL**

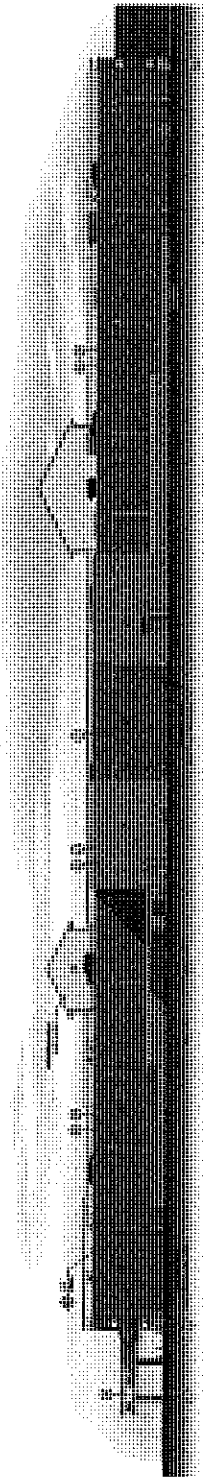




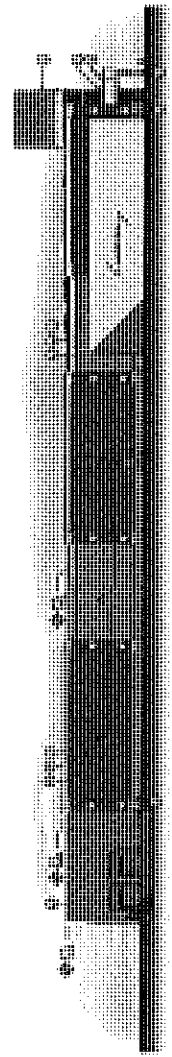
SOUTH ELEVATION



EAST ELEVATION



NORTH ELEVATION



WEST ELEVATION

- ① Finish
- ② Core
- ③ Structure
- ④ Mechanical
- ⑤ Electrical
- ⑥ Plumbing
- ⑦ HVAC
- ⑧ Other

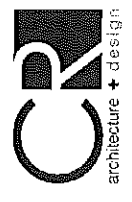


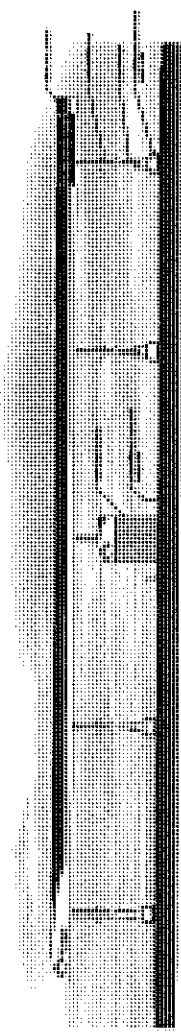
July 9, 2014

Kroger Store SW142

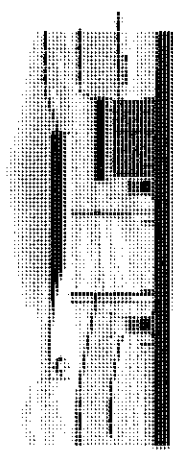
Montgomery, TX

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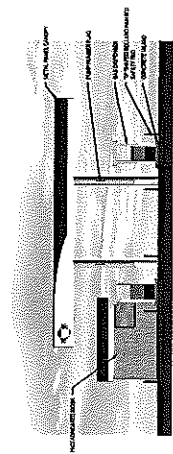




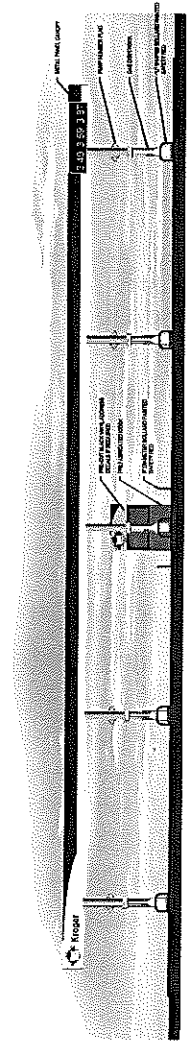
NORTH ELEVATION



EAST ELEVATION



WEST ELEVATION



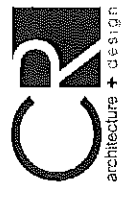
SOUTH ELEVATION



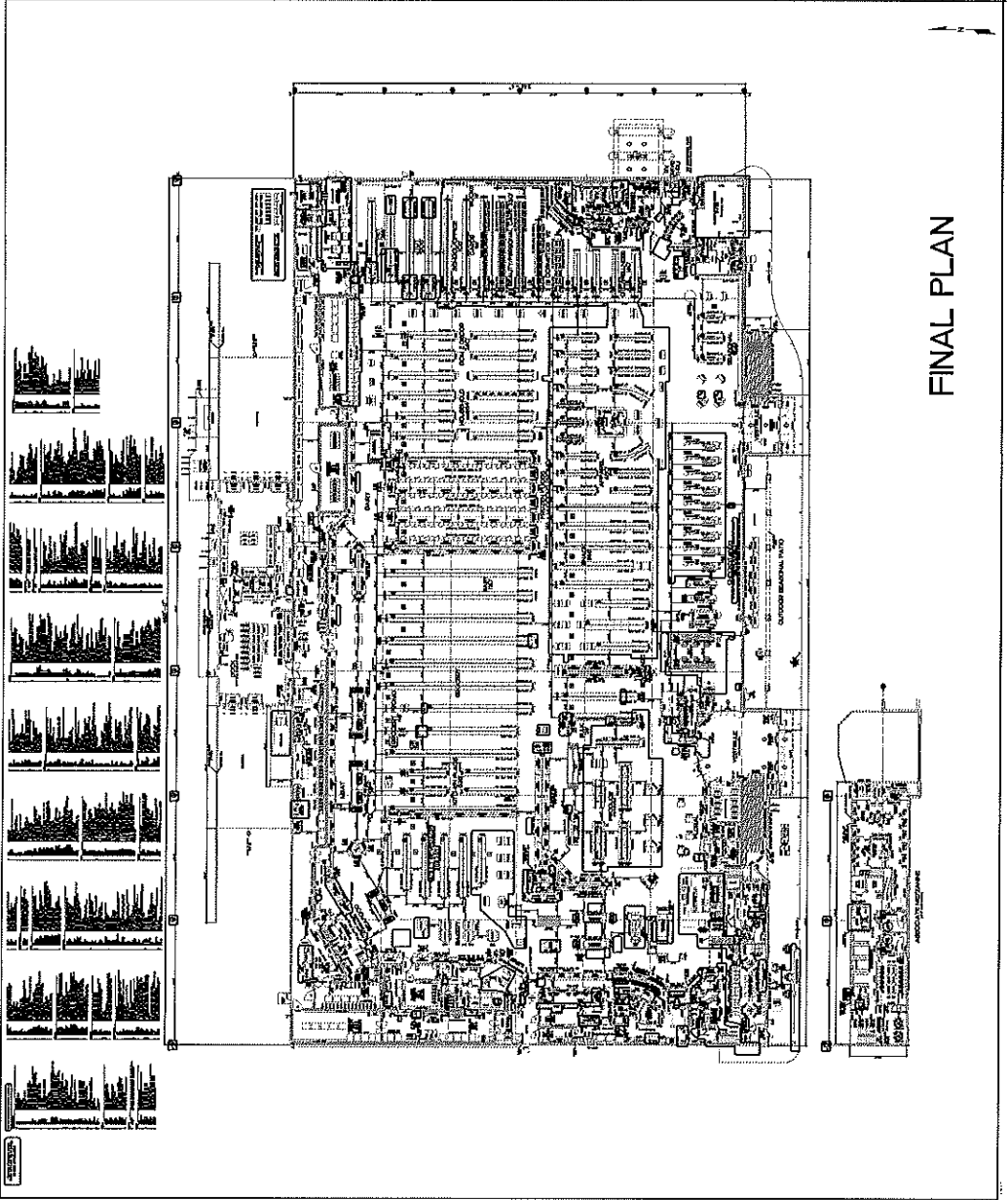
June 27, 2014

Kroger SW142

Montgomery, TX



<p>PROJECT NO. 142          SHEET NO. 142-1          DATE: 10/15/14</p>	<p>HOUSTON          BANNER</p>		<p>NEW STORE          HO-142          NWC HWY 105 + FM 2854          MONTGOMERY, TX</p>	<table border="1"> <tr> <td>NO.</td> <td>DESCRIPTION</td> <td>DATE</td> </tr> <tr> <td>1</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>2</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>3</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>4</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>5</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>6</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>7</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>8</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>9</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>10</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>11</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>12</td> <td>REVISED</td> <td>10/15/14</td> </tr> <tr> <td>13</td> <td>REVISED</td> 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FINAL PLAN



**MS-1 Type A**

**SCOPE OF WORK  
FABRICATE AND INSTALL ONE DOUBLE FACED  
MONUMENT SIGN**

- Ⓐ CAP: ALL ALUMINUM FRAME CONSTRUCTION FINISH: P1
  - E.F.I.S. FINISH
- Ⓑ HEADER: ALL ALUMINUM FRAME CONSTRUCTION FINISH: P1
  - E.F.I.S. FINISH
- Ⓒ TENANT CABINET: ALL ALUMINUM CONSTRUCTION FINISH: P3
  - ONE TENANT FACE: 732B WHITE ACRYLIC
  - INTERNALLY ILLUMINATED BY T12 DHO LAMPS
  - ALUMINUM RETAINERS FINISH: P3
  - ALUMINUM ANGLE FRAME
  - NO VISIBLE FASTENERS ON FACE
  - COUNTER SUNK SCREWS ON ENDS
- Ⓓ BRICK POLE COVER: QUIK-BRICK TO MATCH BUILDING
- Ⓔ BASE: SPLIT-FACE CMU TO MATCH BUILDING
  - CAST STONE CAP TO MATCH BUILDING
- Ⓕ PAD: 3" BIGGER ALL AROUND THAN SECTION ABOVE  
MIN 3" ABOVE GRADE
- Ⓖ SUPPORTS: TWO (2) 6" SQ TUBES .375 WALL
  - WELDED TO SIGN FRAME
- Ⓗ FOUNDATION: TWO (2) 18" DIA X 5'-0" DEEP CONCRETE FILLED PIERS

PAINT COLORS - SATIN FINISH

- P1: EIFS MONASTERY BROWN
- P2: EFIS OYSTER SHELL
- P3: PTM BLACK

VINYL COLORS

- P1: 3M 3630-137 EUROPEAN BLUE
- P2: 3M 3630-126 DARK EMERALD GREEN

APPROVED BY: \_\_\_\_\_



9901 REGAL ROW HOUSTON, TX 77040  
(M) 713.849.5545 (F) 713.849.5547  
WWW.BRITELITESIGN.COM

CUSTOMER:  
BUFFALO SPRINGS S/C  
PHASE 1

ADDRESS:  
20212 EVA ST.  
MONTGOMERY, TX 77356

CITY OF JURISDICTION:  ETJ  SCENIC  TOLL RD  
MONTGOMERY

DATE CREATED: 06-09-15 SALES PERSON: GB

DESIGNER: JC DRWG. NUMBER: BLS15-00545 R6

FILE PATH:

**REVISIONS**

- R1:12-11-15 JC REVISED FROM PYLONS TO MONUMENTS
- R2:05-13-16 JC ADDED SOME ART BUT NEED PRODUCTION ART
- R3:05-16-16 JC ADDED ARTWORK MADE BRICK WIDER ON ENDS
- R4:05-17-16 JC ADDED LOGO DIAMONDS
- R5:06-24-16 JC CORRECTED ADDRESS ADD LED DETAILS
- R6:06-27-16 JC REVISED ALL SIGNS TO BE SAME WIDTH

**CUSTOMER APPROVAL:**

SIGNATURE:

DATE:

**LANDLORD APPROVAL:**

SIGNATURE:

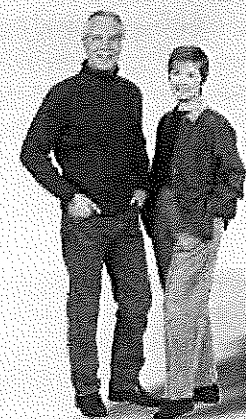
DATE:

**ELECTRICAL REQUIREMENTS:**

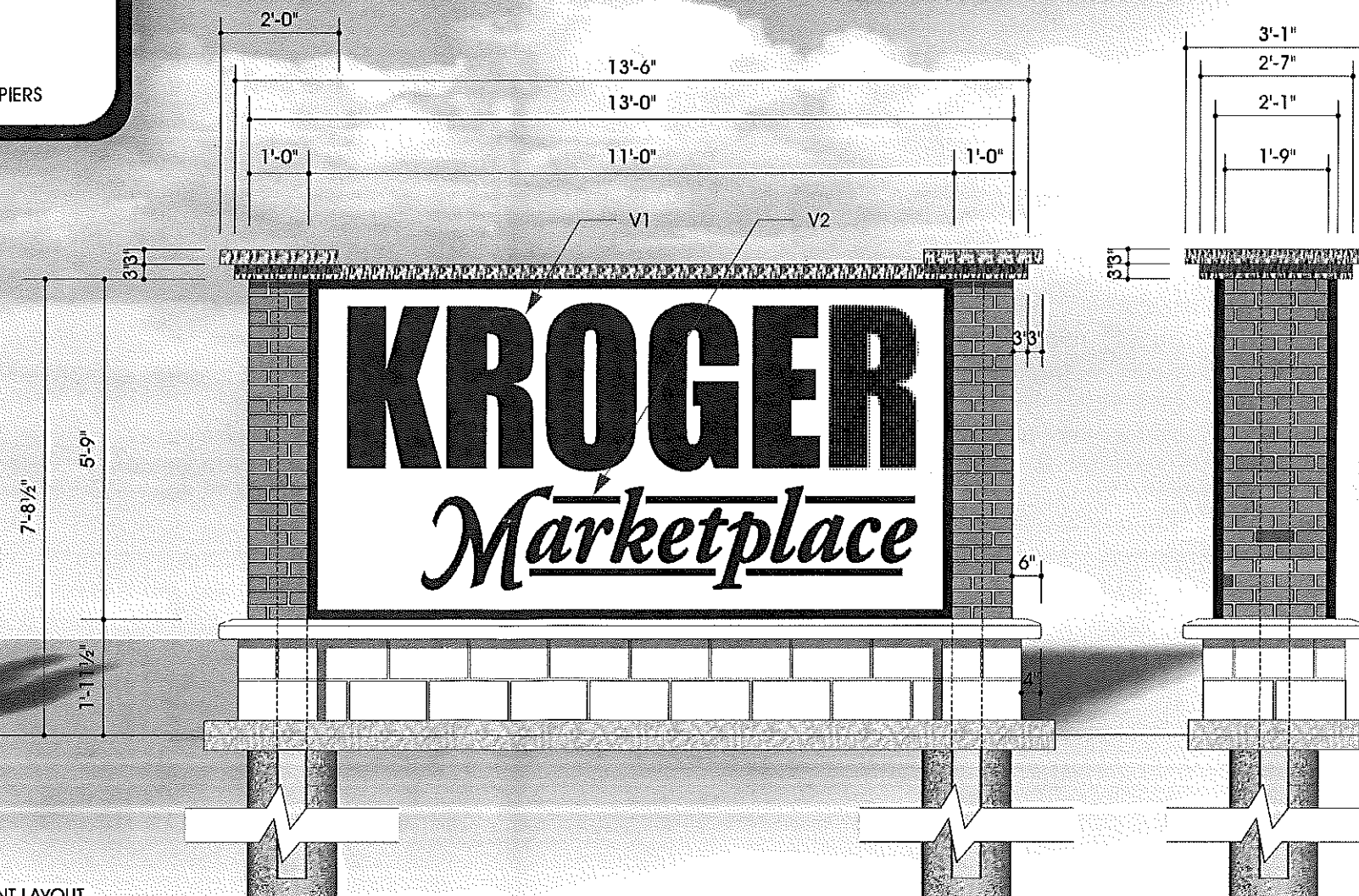
AMPS: 20 VOLTS: 120 CIRCUITS: 1



THIS SIGN IS INTENDED TO BE INSTALLED IN ACCORDANCE WITH THE REQUIREMENTS OF ARTICLE 600 OF THE NATIONAL ELECTRICAL CODE AND/OR OTHER APPLICABLE LOCAL CODES. THIS INCLUDES PROPER GROUNDING AND BONDING OF THE SIGN.



MONUMENT LAYOUT  
SCALE: 3/8" = 1'-0"



AWARD WINNING SIGN COMPANY FROM THE TEXAS SIGN ASSOCIATION

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Montgomery City Council  
**AGENDA REPORT**

ITEM# 10

<b>Meeting Date: April 11, 2017</b>	<b>Budgeted Amount:</b>
<b>Department:</b>	
<b>Prepared By: Jack Yates City Administrator</b>	<b>Exhibits:</b> The Feasibility Study for The Shoppe's at Montgomery Development
<b>Date Prepared: April 7, 2017</b>	

**Subject**

This is a presentation of the utility and economic feasibility study for The Shoppes at Montgomery area located at the southwest corner of FM 2854 and State Highway 105

**Discussion**

This is a utility and feasibility study for this 27 acre development.

Water Summary - The tract is served by the existing 12 inch line along State Highway 105 or a 6 inch line in Buffalo Springs Drive. The development is expected to use approximately 300,000 gallons per day. The city currently how however has committed 97% of its existing capacity, including to platted developments. The TWDB project that is about to begin should increase the capacity in order to allow this development.

Sewer Summary—The tract will be served by a 12 inch sewer line now being placed. The city sewer plant capacity of 400,000 gallons per day with an approximate usage per day of 229,000. The city has unallocated capacity available.

Drainage and Paving -- all the streets and drainage easements are on private property – but must be designed and by the developer and reviewed by the city. No problems foreseen.

**Recomendation**

Consider and adopt the study as presented.

**Approved By**

City Administrator	Jack Yates	Date: April 7, 2017
--------------------	------------	---------------------

**ANALYSIS OF FEASIBILITY FOR  
THE CITY OF MONTGOMERY  
TO PROVIDE WATER AND SANITARY SEWER SERVICE  
TO A PROPOSED 27-ACRE DEVELOPMENT  
“THE SHOPPES AT MONTGOMERY”**

**APRIL 2017**





8701 New Trails Drive, Suite 200  
The Woodlands, Texas 77381-4241  
Tel: 281.363.4039  
Fax: 281.363.3459  
[www.jonescarter.com](http://www.jonescarter.com)

April 7, 2017

The Honorable Mayor and City Council  
City of Montgomery  
101 Old Plantersville Road  
Montgomery, Texas 77356

Re: Proposed 27-Acre Development Feasibility Study  
The Shoppes of Montgomery  
City of Montgomery

Dear Mayor and Council:

On February 16, 2017 Hartford Realty (the “Developer”) submitted an application for utility service. We are pleased to present this analysis of the feasibility for the City to provide water and sanitary sewer service to the referenced 27-acre tract (the “Tract”). The purpose of the feasibility is to determine if water system and sanitary sewer system capacity is available, to determine if the existing public utilities will need to be upgraded or extended to serve the Tract, to determine potential impact to drainage and streets, and to offer clarity on the potential financial impact of the development.

### **General**

This undeveloped Tract is located southwest of the intersection of SH-105 and FM 2854. The 27-acre tract is located within the City limits. An exhibit displaying the Tract boundary and existing public utilities is enclosed as Appendix A. A preliminary land plan submission is enclosed as Appendix B. Per the preliminary land plan it appears the proposed buildings will encroach the City’s existing utility easements. A survey of the site showing the existing easements is enclosed as Appendix C. The developer will be required to revise the land plan to not encroach the existing easements/utilities. The City may also want to discuss obtaining additional land for the wastewater treatment plant lift station and/or relocating existing utilities with the developer during the design phase of the project to benefit both the City and the developer.

The estimates included in this feasibility are based on the anticipated land use provided by the Developer. The Tract is currently within zoning Districts B (the Commercial District), R-1 (the Single-family Residential District), and R-2 (the Multifamily District). The tract will require rezoning based on the anticipated usage per the provided preliminary land plan. The final land plan may affect the estimated costs and revenues associated with the development.



## Water Production and Distribution<sup>1</sup>

The City has three active water wells and two existing water plants with an average daily flow (“ADF”) capacity of 595,935 gallons per day (“gpd”). Seasonal averages based on the City’s connection count (currently 765 as defined per 30 TAC §290.38(15)) are roughly 251,000 gpd in the winter months and 339,000 gpd in the summer months. Based upon the information provided by the Developer, the Tract’s water capacity requirement is approximately 30,000 gpd (900,000 gallons per month). Inclusive of existing connections, platted developments which are in design or under construction, and the projected usage for the Tract, the City will commit approximately 578,000 gpd or 97% of existing ADF capacity upon commitment to the Tract. The City currently has unallocated water production capacity available to serve the Tract. It should be noted that there are several new developments in various stages of planning, design, or construction. A current summary of Development Acreages & Service Demands is enclosed as Appendix D. We recommend the City authorize proceeding with the engineering design of the water system improvements projects that have been approved for funding from the Texas Water Development Board to address the future projected water system capacity shortage.

As a reminder, part of our 2015 Water System Analysis and Master Plan, the City’s water plant facilities were inventoried in detail and analyzed for compliance with Texas Commission on Environmental Quality (“TCEQ”) requirements for production, storage, and distribution. An excerpt from Section 2.3 of this report is enclosed as Appendix E. During the facilities assessment we identified hydropneumatic tank and booster pump capacity as the current limiting factors in the City’s water distribution capability. These items are included in the Water Plant No. 3 Improvements project that has been approved for funding from the Texas Water Development Board.

The Tract will be served by an existing public 12-inch waterline located within an existing 26-foot wide utility easement adjacent to the northern boundary of the Tract along the southern right-of-way (“ROW”) of SH-105 or by an existing 8-inch waterline located within the ROW of Buffalo Springs Drive adjacent to the western boundary of the Tract.

The ultimate alignment of waterlines interior to the Tract will depend on the final land plan of the proposed development. These waterlines will need to be placed in public utility easements exclusive to the City located within or along public access easements interior to the development and constructed according to all applicable City and TCEQ design criteria. The Developer will be responsible for all costs associated with easement acquisitions and recordation. The proposed easements will be based on the City’s requirements and will be reviewed in advance of recordation.

The Developer is responsible for providing engineered plans and specifications for the water distribution system interior to the development to the City Engineer for review and approval prior to commencing construction, and to obtain all required Planning and Zoning Commission, City Council, and development approvals and permits. The Developer will need to contact the City for water taps to serve the reserves within the Tract. The cost to tap the waterline will be calculated by the City’s Utility Operator in accordance with the City’s Code of Ordinances.



## Sanitary Sewer Collection and Treatment<sup>2</sup>

The City's existing wastewater facilities consist of 13 public lift stations, four semi-public lift stations, and two wastewater treatment plants (one of which is currently decommissioned). The Stewart Creek Wastewater Treatment Plant (TPDES Permit No. WQ0014737001) has a permitted capacity of 400,000 gpd. The ADF based on the City's current number of connections (765 as defined per 30 TAC §290.38(15)) is approximately 229,500 gpd (calculated using 300 gpd/connection). Based upon the information provided by the Developer Tract's ADF is estimated to be approximately 25,000 gpd (750,000 gallons per month). The City currently has unallocated wastewater treatment capacity available to serve the Tract. It should be noted that there are several new developments in various stages of planning, design, or construction. A current summary of Development Acreages & Service Demands is enclosed as Appendix D. As the projects shown in the design/construction phase achieve full development, the City should be prepared to initiate planning for additional treatment capacity.

The Tract will be served by a proposed 12-inch public sanitary sewer line located within an existing 26-foot wide utility easement adjacent to the northern boundary of the Tract along the southern ROW of SH-105 and will terminate into an existing sanitary sewer manhole and 10-inch sanitary sewer line. This line then flows directly into Lift Station No. 1 ("LS No. 1"). The proposed 12-inch public sanitary sewer line is sufficient to serve the Tract and installation is scheduled to be completed by the end of April 2017. However, the existing 10-inch sanitary sewer line that extends to LS No. 1 is nearing its design capacity. The City needs to aggressively planning for the upsizing of the 10-inch gravity sanitary sewer line to meet projected wastewater system demands. An excerpt from the 2015 Sanitary Sewer System Analysis and Master Plan pertaining to LS No. 1 is enclosed as Appendix F.

Additionally, as part of our 2015 Sanitary Sewer System Analysis and Master Plan the City's wastewater facilities were inventoried in detail and analyzed for compliance with TCEQ requirements for collection, conveyance, and treatment of average dry weather flow, dry weather peak flow, and peak flow with inflow and infiltration ("I&I"). During this assessment we identified LS No. 1 as operating at 145% of its design capacity. We recommend the City authorize proceeding with the engineering design of the Lift Station No. 1 Replacement project that has been approved for funding from the Texas Water Development Board to address the lift station capacity shortage.

The ultimate alignment of sanitary sewer lines interior to the Tract will depend on the final land plan of the proposed development. These sanitary sewer lines will need to be placed in public utility easements exclusive to the City located within or along public access easements interior to the development and constructed according to all applicable City and TCEQ design criteria. The Developer will be responsible for all costs associated with easement acquisitions and recordation. The proposed easements will be based on the City's requirements and will be reviewed in advance of recordation.

The Developer is responsible for providing engineered plans and specifications for the sanitary sewer conveyance system interior to the development to the City Engineer for review and approval prior to commencing construction, and to obtain all required Planning and Zoning Commission, City Council, and development approvals and permits. The Developer will need to contact the City for sanitary sewer taps to serve the reserve within the Tract. The cost to tap the sanitary sewer line will be calculated by the City's Utility Operator, in accordance with the City's Code of Ordinances.

### Drainage and Paving

All drainage and detention improvements interior to the development will be designated private and will require maintenance and upkeep by a Property Owners Association or similar entity. Stewart Creek runs through the Tract and a significant portion of the Tract is located within the floodway and floodplain and must be appropriately designed for in the final construction plans. The site survey enclosed as Appendix C shows the limits of the existing floodway and floodplain. The developer will also be required to dedicate a public drainage easement through the site for Stewart Creek. All drainage and detention improvements must be designed per the City's Code of Ordinances requiring compliance with the City's floodplain regulations and all applicable Montgomery County Drainage Criteria Manual standards. Failure to design and construct the drainage and detention facilities per Montgomery County criteria potentially jeopardizes eligibility for acceptance and/or reimbursement. The Developer is responsible for providing engineered plans and specifications for the drainage and detention system interior to the development to the City Engineer for review and approval prior to commencing construction, and to obtain all required TxDOT, Planning and Zoning Commission, City Council, and development approvals and permits.

### Development Costs

The Developer will need to construct on-site water, sanitary sewer, paving, drainage, and detention facilities to serve the proposed Tract. Additionally, the Developer will need to purchase water system capacity and wastewater treatment plant capacity from the City. The water and wastewater system capacities are calculated from Table 1.1 of the Montgomery Impact Fee Analysis Report based on the projected ADF from the Tract as shown in Appendix G. The estimated ADF provided by the Developer requires the use of an 8-inch water meter per the table. The estimated cost to the Developer associated with the purchase of water and wastewater system capacity is as follows:

#### Water and Wastewater System Capacity Costs:

• Water System Capacity	\$150,264
• Wastewater System Capacity	<u>\$335,168</u>
<b>Subtotal</b>	<b><u>\$485,432</u></b>

The estimate is based on the projected water and wastewater usage provided by the developer. The actual costs will depend on the final land plan and final design.

## Financial Feasibility

The Developer estimates the total assessed value (A.V.) the project will attain at full development to be approximately \$8,500,000. Based on the estimated total A.V. and assuming 95% collection, the development would generate approximately \$17,054 per year in debt service revenue based on the City's \$0.2112/\$100 debt service tax rate, and approximately \$16,497 per year in maintenance and operations revenue based on the City's \$0.2043/\$100 O&M tax rate.

This report is our engineering evaluation of the funds required to complete the anticipated future capital improvements for this Tract and of the potential increase in tax revenue to the City. This report is not intended to be used for issuance of municipal financial products or the issuance of municipal securities. The City's Financial Advisor(s) can address potential recommendations related to the issuance of municipal financial products or issuance of municipal securities.

## Summary

- The 27-acre tract is located within the City limits; southwest corner of SH 105 and FM 2854
- Extension of public utilities is not required to serve the Tract.
- The City currently has unallocated water production capacity and wastewater treatment capacity to serve the Tract.
- The Developer would need to purchase water and wastewater system capacity in the amounts of \$150,264 and \$335,168 respectively. The total amount is \$485,432.
- The development results in an increase in assessed valuation of \$8,500,000 and additional tax revenue to the City of approximately \$33,551 annually.

Thank you for the opportunity to complete this feasibility and offer our recommendations. Please contact Mr. Chris Roznovsky or myself, should you have any questions.



Sincerely,

A handwritten signature in blue ink, appearing to read "Ed Shackelford".

Ed Shackelford, PE  
Engineer for the City

<sup>1</sup>Water production quantities and current connection counts were obtained from reports previously submitted to City Council by Gulf Utility Service, Inc.

<sup>2</sup>Wastewater Treatment Plant flow data was obtained from reports previously submitted to City Council by Gulf Utility Service, Inc. Lift Station capacities were calculated from flow data and run times provided to Jones & Carter, Inc. by Gulf Utility Service, Inc.

EHS\cvr:rmc

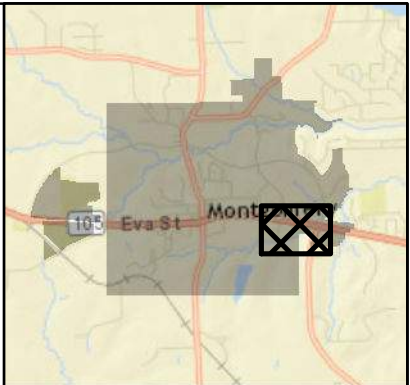
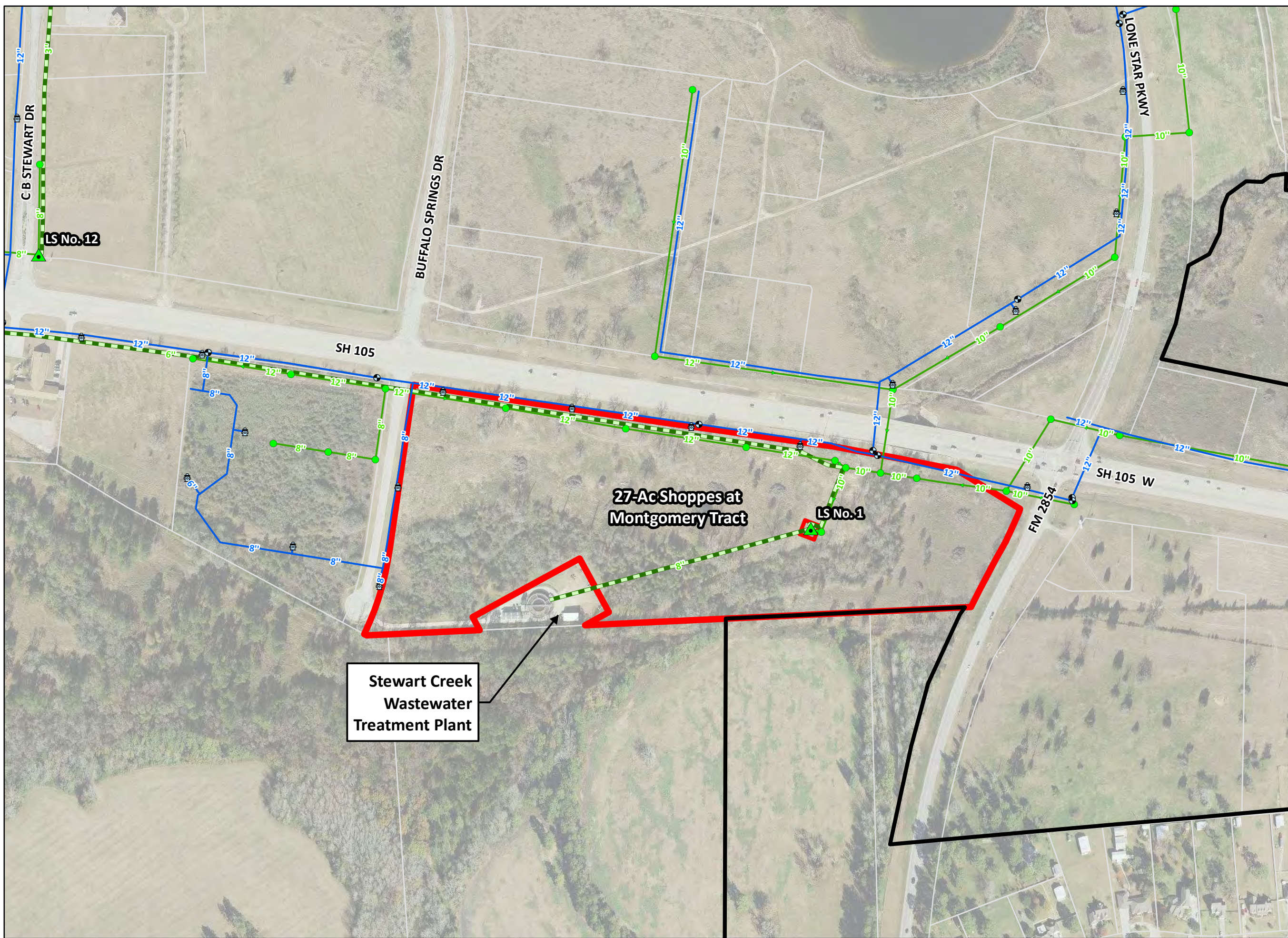


cc: The Planning and Zoning Commission – City of Montgomery  
Mr. Jack Yates – City of Montgomery, City Administrator  
Ms. Susan Hensley – City of Montgomery, City Secretary  
Mr. Larry Foerster – Darden, Fowler & Creighton, LLP  
Mr. E. Levi Love, PE – L Squared Engineering

**Appendix A**  
**Proposed 27-Acre The Shoppes at Montgomery Development**  
**Boundary Map**







**VICINITY MAP**

Scale: 1 inch equals 2 miles

**LEGEND**

- Flush Valve
- Main Valve
- Waterline
- Cleanout
- Manhole
- Lift Station
- Force Main
- Gravity Main
- City of Montgomery City Limits
- 27-Ac Tract
- MCAD Parcel

**27-AC SHOPPES AT MONTGOMERY TRACT - UTILITIES**

**CITY OF MONTGOMERY**  
MONTGOMERY COUNTY, TEXAS



1 inch equals 300 feet

Disclaimer: This product is offered for informational purposes and may not have been prepared for or be suitable for legal, engineering, or surveying purposes. It does not represent an on-the-ground survey and represents only the approximate relative location of property, governmental and/or political boundaries or related facilities to said boundary. No express warranties are made by Jones & Carter, Inc. concerning the accuracy, completeness, reliability, or usability of the information included within this exhibit.





**Appendix B**

**Proposed 27-Acre The Shoppes at Montgomery Development**

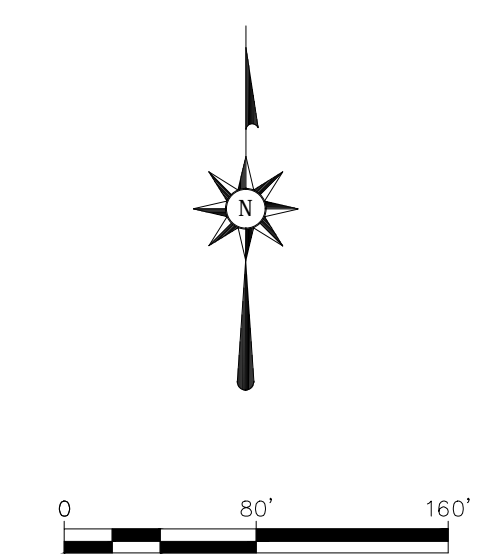
**Preliminary Site Plan**



**JONES | CARTER**

Texas Board of Professional Engineers Registration No. F-439

- LEGEND:**
- EX ADJOINER LINE, ADJ
  - EX SANITARY, SAN
  - EX WATERLINE, WL
  - EX STORM SEWER, STM
  - > EX DRAINAGE PATH, FL
  - v --- EX HIGH BANK, HB
  - EX EASEMENT, ESMT
  - EX BUILDING LINE, BL
  - P --- EX OVERHEAD POWER, P
  - UG --- EX UNDERGROUND POWER, UG
  - FO --- EX FIBER, FO
  - T --- EX TELEPHONE, T
  - G --- EX GAS LINE, G
  - X --- EX FENCE
  - PROP BOUNDARY LINE, BNDY
  - PROP SANITARY, SAN
  - PROP WATERLINE, WL
  - PROP STORM SEWER, STM
  - > PROP DRAINAGE PATH, FL
  - v --- PROP HIGH BANK, HB
  - PROP EASEMENT, ESMT
  - PROP BUILDING LINE, BL
  - P --- PROP OVERHEAD POWER, P
  - UG --- PROP UNDERGND POWER, UG
  - FO --- PROP FIBER, FO
  - T --- PROP TELEPHONE, T
  - G --- PROP GAS LINE, G
  - X --- PROP FENCE



**L SQUARED ENGINEERING**  
MUNICIPAL COMMERCIAL RESIDENTIAL

WWW.LSQUAREDENGINEERING.COM  
FIRM REGISTRATION NUMBER 11233

21123 EVA STREET #200 8505 TECHNOLOGY FOREST PL #202  
MONTGOMERY, TEXAS 77356 THE WOODLANDS, TEXAS 77281  
OFFICE: 281-441-4420 OFFICE: 281-441-4420

CLIENT INFORMATION  
JONATHAN BELLOCK  
FIRST HARTFORD REALTY CORP

PROJECT ADDRESS  
SOUTHWEST CORNER OF HWY 105 & FM 2854

# THE SHOPPES AT MONTGOMERY

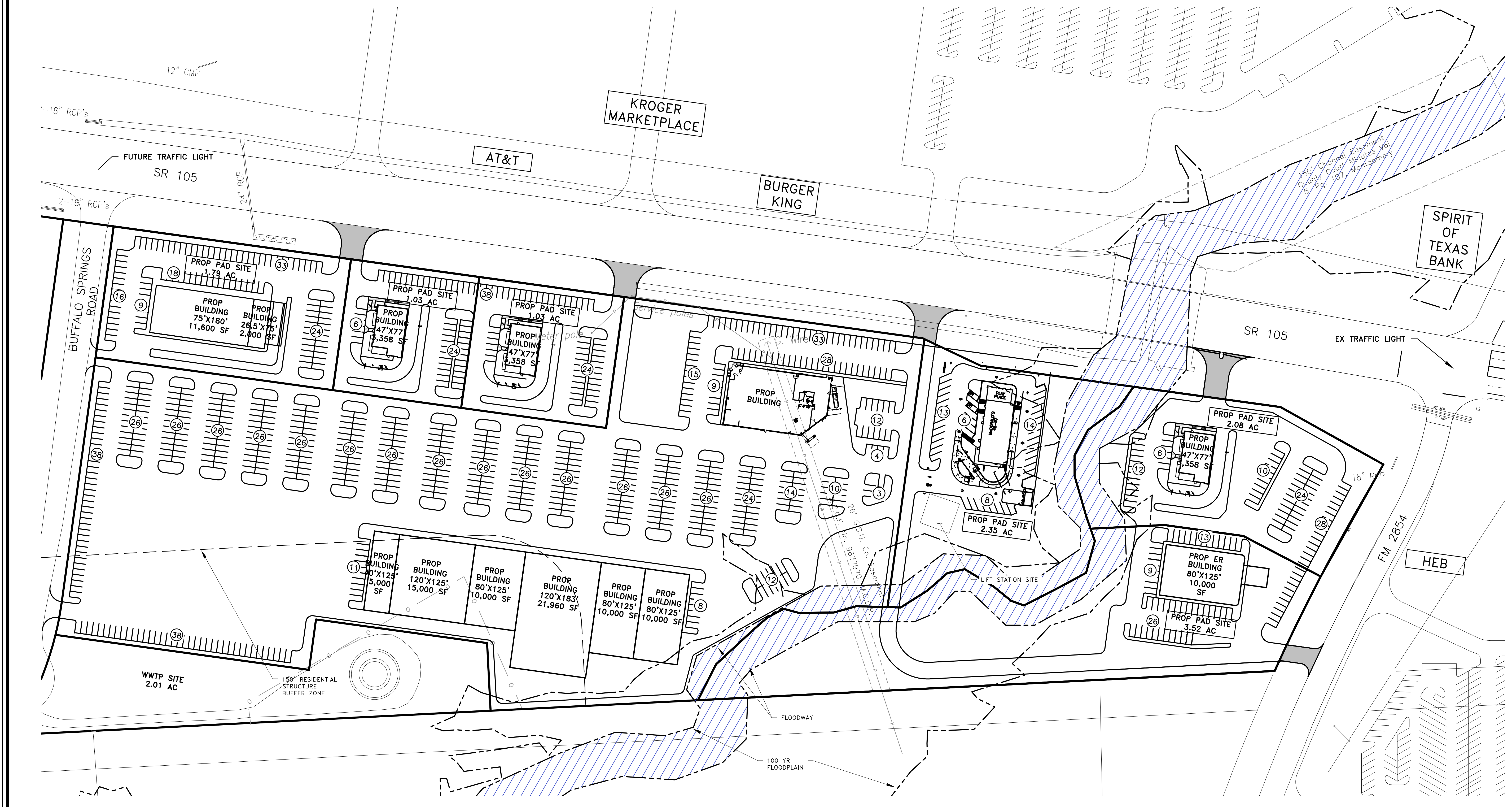
## PROPOSED SITEPLAN

DRAWING ISSUE			
#	DATE	BY	* COMMENT
1	02/16/17	ELL	FOR REVIEW ONLY

DRAWING INFORMATION			
PROJECT	10349	TDLR	**
DRAWN	JCP	CHECKED	JTW
SCALE	SHEET		2
1" = 80' (24x36)			
1" = 160' (11x17)			

THESE DRAWINGS WERE PREPARED UNDER THE SUPERVISION OF:  
E. LEVILLOVE, P.E.  
LICENSE No. 99340

FOR REVIEW PURPOSES ONLY  
NOT FOR CONSTRUCTION



\*PLANS NOT RELEASED FOR CONSTRUCTION UNLESS INDICATED ABOVE



## **Appendix C**

### **Proposed 27-Acre The Shoppes at Montgomery Development**

#### **Proposed Site Survey**





**LEGAL DESCRIPTION:**

Being 26.43 acres (1,151,243 square feet) of land, out of a called 259,956 acres, conveyed to James C. Rampy, Melissa R. Arney, Ty C. Rampy and the Bay Evans Rampy Kamar Trust, by deed recorded under County Clerk's File Number (C.F.) 8864005 Official Public Records of Montgomery County, Texas (O.P.R. M.C.T.), said 26.43 acre tract lying it the John Corner Survey, Abstract 8 and being more particularly described by metes and bounds as follows;

**BEGINNING** at a found 5/8 inch iron rod with cap at the intersection of the south line of said Rampy tract with the west right-of-way (R.O.W.) of FM 2854, Public R.O.W. varies, also being northeast corner of a called 32.00 acres, conveyed to Randall Risher, ET AL, by deed recorded under C.F. 8816474 O.P.R. M.C.T.;

**THENCE** South 87°04'58" West, along said south line, a distance of 1241.66 feet to a set 5/8 inch iron rod with cap, marking the southeast corner of a called 1.252 acres, conveyed to the City of Montgomery, by deed recorded under C.F. 2008-090957 O.P.R. M.C.T., also being an external corner of the herein described tract;

**THENCE** North 61°20'00" East a distance of 74.99 feet to a found 1/2 inch iron rod with cap, marking an angle point of said 1.252 acres and the herein described tract;

**THENCE** North 28°40'00" West a distance of 200.00 feet to a found 1/2 inch iron rod with cap, marking the north corner of said 1.252 acres, also being an angle point of the herein described tract;

**THENCE** South 61°20'00" West a distance of 400.00 feet to a found 1/2 inch iron rod, marking an angle point of said 1.252 acres and the herein described tract;

**THENCE** South 28°40'00" East a distance of 43.24 feet to a found 5/5 inch iron rod in the said south line of the Rampy tract, marking the southwest corner of said 1.252 acres, also being an external corner of the herein described tract;

**THENCE** South 87°04'58" West, along said south line, a distance of 378.24 feet to a found 5/8 inch iron rod with cap, marking the angle point of said Randall Risher, ET AL tract and the herein described tract;

**THENCE** North 73°04'16" West, along said south line, a distance of 8.95 feet to a found 1/2 inch iron rod with cap, marking the southeast corner of South Buffalo Springs Drive, 80' R.O.W., also being the southwest corner of the herein described tract;

**THENCE** along a the east R.O.W. of said South Buffalo Springs Drive and a curve to the LEFT, having a radius of 1040.00 feet, a delta angle of 15° 36' 13", and whose long chord bears North 16°04'43" East a distance of 282.35 feet to a found 1/2 inch iron rod, marking a point of tangency of the herein described tract;

**THENCE** North 08°16'36" East, along said east R.O.W., a distance of 533.47 feet to a set 5/8 inch iron rod with cap in the south R.O.W. of Highway 105, Public R.O.W. varies, marking the northwest corner of the herein described tract;

**THENCE** South 82°06'10" East, along said south R.O.W., a distance of 1290.30 feet to a found concrete monument, marking an angle point of the herein described tract;

**THENCE** South 64°43'55" East, along said south R.O.W., a distance of 100.35 feet to set 5/8 inch iron rod with cap, marking an angle point of the herein described tract;

**THENCE** South 82°07'39" East, along said south R.O.W., a distance of 475.94 feet to set 5/8 inch iron rod with cap, marking an angle point of the herein described tract;

**THENCE** South 60°37'12" East, along said south R.O.W., a distance of 182.77 feet to set 5/8 inch iron rod with cap in the west R.O.W. of said FM 2854, marking an angle point of the herein described tract;

**THENCE** South 12°48'02" East, along said west R.O.W., a distance of 4.93 feet to a found concrete monument, marking an angle point of the herein described tract;

**THENCE** South 29°50'33" West, along said west R.O.W., a distance of 84.16 feet

**THENCE** along said west R.O.W. and a curve to the LEFT, having a radius of 2934.79 feet, a delta angle of 05° 26' 38", and whose long chord bears South 27°05'50" West a distance of 278.74 feet to the POINT OF BEGINNING and containing a computed 26.43 acres (1,151,243 square feet) of land.

**SAVE AND EXCEPT:**

Being 0.06 acres (2,500 square feet) of land, all of a called 0.057 acres, conveyed to City of Montgomery, by deed recorded under C.F. 2007-0215553 O.P.R. M.C.T., said 0.06 acre tract lying it the John Corner Survey, Abstract 8 and being more particularly described by metes and bounds as follows;

**COMMENCING** at a found 5/8 inch iron rod with cap at the intersection of the south line of a called 259,956 acres, conveyed to James C. Rampy, Melissa R. Arney, Ty C. Rampy and the Bay Evans Rampy Kamar Trust, by deed recorded under C.F. 8864005 O.P.R. M.C.T. with the west right-of-way (R.O.W.) of FM 2854, Public R.O.W. varies, also being northeast corner of a called 32.00 acres, conveyed to Randall Risher, ET AL, by deed recorded under County Clerk's File Number (C.F.) 8816474 Official Public Records of Montgomery County, Texas (O.P.R. M.C.T.);

**THENCE** North 66°56'17" West, over and across said Remainder, a distance of 551.79 feet to a found 1/2 inch iron rod, marking the south corner of said 0.057 acres and the POINT OF BEGINNING;

**THENCE** North 69°59'10" West a distance of 50.00 feet to a found 1/2 inch iron rod with cap, marking the west corner of the herein described tract;

**THENCE** North 20°00'50" East a distance of 50.00 feet to a found 1/2 inch iron rod, marking the north corner of the herein described tract;

**THENCE** South 69°59'10" East a distance of 50.00 feet to a found 1/2 inch iron rod, marking the west corner of the herein described tract;

**THENCE** South 20°00'50" West a distance of 50.00 feet to the POINT OF BEGINNING and containing a computed 0.06 acres (2,500 square feet) of land.

**NOTES:**

- The surveyor has not abstracted the site. This survey was performed with benefit of title commitment from Old Republic National Title Insurance Company, GF No. 1606401, issued date: July 28, 2016, effective date: July 20, 2016.
- The professional service reflected on this plot of survey is provided in connection with the transaction anticipated by the title search referenced and dated above; it is not to be used for any other purpose.
- Bearings based on Texas State Plane Coordinates, Texas Central.
- Property lies within the city limits of the City of Montgomery and is subject to all building setbacks, platting requirements and other development requirements of that entity.
- This original work is protected under copyright laws, Title 17 United States Code Sections 101 and 102. All violators will be prosecuted to the fullest extent of the law. This survey is being provided solely for the use of the recipients named and no license has been created, express or implied, to copy the survey except as is necessary in conjunction with the original transaction, which shall take place within thirty (30) days from the date adjacent to the signature line herein.

**Flood Statement:** I have examined the Federal Emergency Management Agency's Flood Insurance Rate Map for Montgomery County, Texas, Map Number 48339C02000, effective date of August 18, 2014, and the map indicates this tract to be in "Zone AE", determined to be inside 100 year flood plain; A portion of this plot lies within a designated Special Flood Hazard Area, inundated by 100 year flood or Other Flood Areas.

**Warning:** If this site is not within an identified Special Flood Hazard Area, this statement does not imply that the property and/or the structures thereon will be free from flooding or flood damage. This determination has been made by scaling the property on the referenced map and is not the result of an elevation survey. This flood statement shall not create liability on the part of the surveyor.

6. Schedule B item, 10c: Easement granted to granted to Gulf State Utilities Company, recorded under Volume 1122, Page 85 O.P.R. M.C.T., is located west of parent tract.

7. Schedule B item, 10c: Easement granted to granted to Gulf State Utilities Company, recorded under Volume 194, Page 396 D.R. M.C.T., is located north of Highway 105.

8. Schedule B item, 10d: Easement granted to Gulf State Utilities Company, recorded under C.F. 9637970 O.P.R. M.C.T., is blanket in nature.

**LEGEND / ABBREVIATIONS**

BARBED WIRE FENCE	X	C.F.	CLERK'S FILE NUMBER
CHAIN LINK FENCE	—	FND.	FOUND
POWER POLE	○	I.R.	IRON ROD
OVERHEAD LINE	—	O.P.R.	OFFICIAL PUBLIC RECORDS OF
SANITARY MANHOLE	●	D.R.	DEED RECORDS
WATER VALVE	○	M.C.T.	MONTGOMERY COUNTY, TEXAS
WATER METER	○	P.O.B.	POINT OF BEGINNING
TELEPHONE PEDESTAL	○	R.O.W.	RIGHT OF WAY
PROPERTY MARKER	○		
UNDERGROUND CABLE	—		

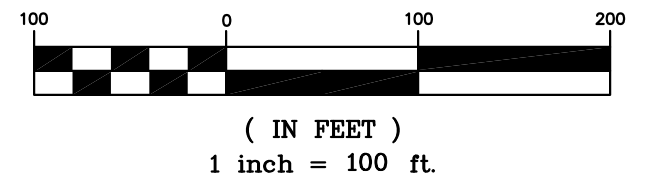
**LINE TABLE**

NO.	BEARING	LENGTH
L1	N 61°20'00" E	74.99
L2	N 28°40'00" W	200.00
L3	S 61°20'00" W	400.00
L4	S 28°40'00" E	43.24
L5	S 87°04'58" W	378.24
L6	N 73°04'16" W	8.95
L7	S 64°43'55" E	100.35
L8	S 82°07'39" E	475.94
L9	S 60°37'12" E	182.77
L10	S 12°48'02" E	4.93
L11	S 29°50'33" W	84.16
L12	N 69°59'10" W	50.00
L13	N 20°00'50" E	50.00
L14	S 69°59'10" E	50.00
L15	S 20°00'50" W	50.00

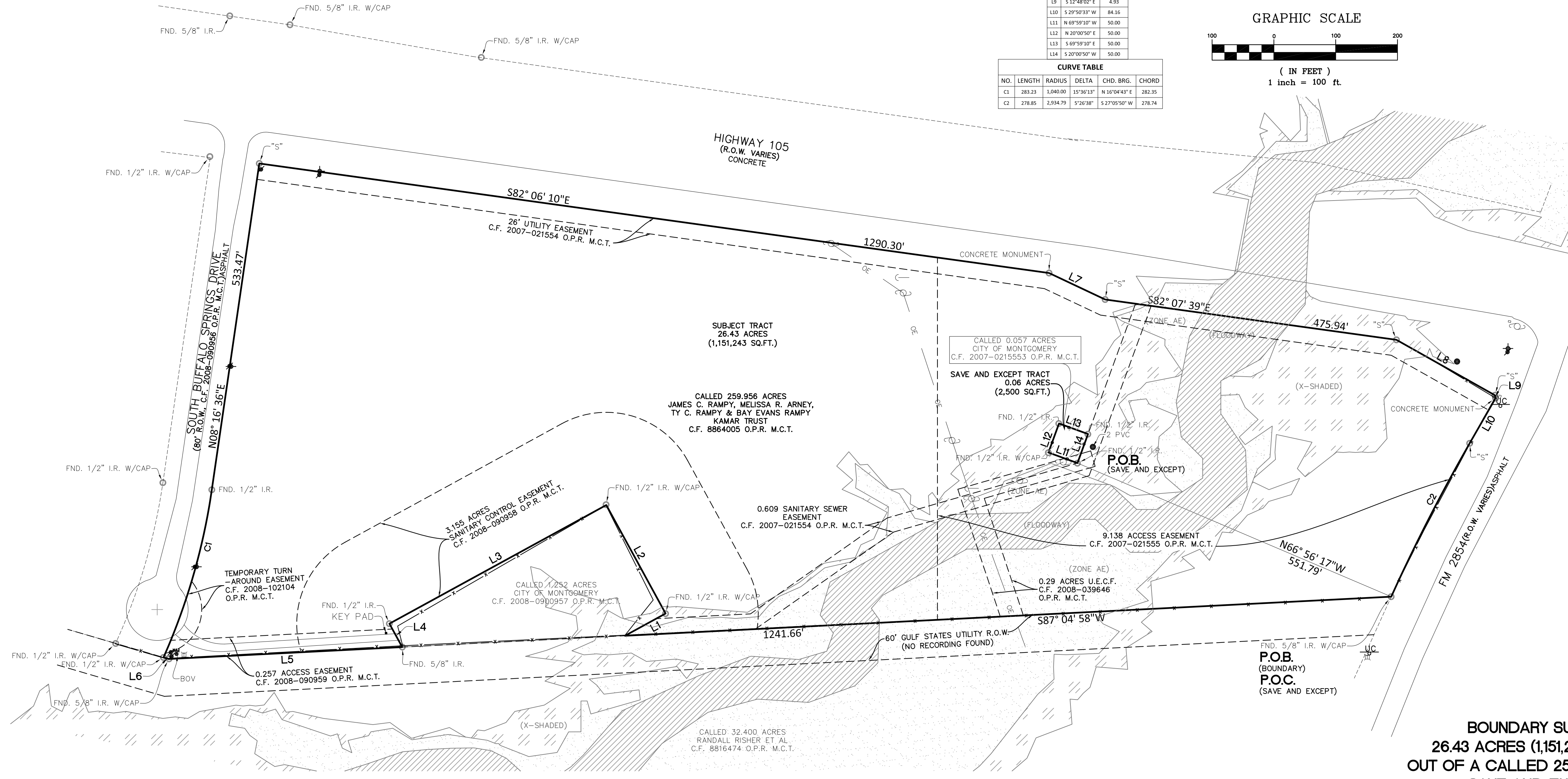
**CURVE TABLE**

NO.	LENGTH	RADIUS	DELTA	CHD. BRG.	CHORD
C1	283.23	1,040.00	15°36'13"	N 16°04'43" E	282.35
C2	278.85	2,934.79	5°26'38"	S 27°05'50" W	278.74

**GRAPHIC SCALE**



VICINITY MAP  
N.T.S.



**BOUNDARY SURVEY**  
**26.43 ACRES (1,151,243 SQ.FT.)**  
**OUT OF A CALLED 259,956 ACRES**  
**SAVE AND EXCEPT**  
**0.06 ACRES (2,500 SQ.FT.)**  
**TO MONTGOMERY COUNTY, TEXAS**  
**RECORDED UNDER**  
**C.F. 2007-0215553 O.P.R. M.C.T.**  
**IN THE**  
**JOHN CORNER SURVEY, ABSTRACT 8**  
**MONTGOMERY COUNTY, TEXAS**

**NOTES:**

- The surveyor has not abstracted the site. This survey was performed with benefit of title commitment from Old Republic National Title Insurance Company, GF No. 1606401, issued date: July 28, 2016, effective date: July 20, 2016.
- The professional service reflected on this plot of survey is provided in connection with the transaction anticipated by the title search referenced and dated above; it is not to be used for any other purpose.
- Bearings based on Texas State Plane Coordinates, Texas Central.
- Property lies within the city limits of the City of Montgomery and is subject to all building setbacks, platting requirements and other development requirements of that entity.
- This original work is protected under copyright laws, Title 17 United States Code Sections 101 and 102. All violators will be prosecuted to the fullest extent of the law. This survey is being provided solely for the use of the recipients named and no license has been created, express or implied, to copy the survey except as is necessary in conjunction with the original transaction, which shall take place within thirty (30) days from the date adjacent to the signature line herein.

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SURVEYOR CERTIFICATION	
To Nelson Company:	
I certify that this survey was made on the ground, that this plot correctly represents the facts found at the time of survey and that this professional service substantially conforms to the current Texas Society of Professional Surveyors Standards and Specifications for a Category 1A, Condition II Survey.	
L. Shayne Thatcher R.P.L.S. 4544 Date: August 30, 2016	
<b>OWNER</b>	FIELD BOOK 42/22-66/285
JAMES C. RAMPY, MELISSA R. ARNEY, TY C. RAMPY & BAY EVANS RAMPY KAMAR TRUST	FIELD WORK LP/CR
<b>PURCHASER</b>	DATE 08-12-16/08-28-16
	DRAFTING SDR
	DATE 08-30-16
	CHECKED RS
	DATE 08-30-16
<b>ADDRESS</b>	MTGE. CO.
HIGHWAY 105 AND FM 2584	TITLE CO. OLD REPUBLIC
MONTGOMERY, TX 77356	G.F. NO. 1606401
	SCALE 1"=100'
	KEY MAP
	JOB NO. 16-1080



TOWN AND COUNTRY SURVEYORS  
 - A LANDPOINT COMPANY  
 2219 SANDUST ROAD, STE. 2003  
 THE WOODLANDS, TX 77380  
 (281)465-8730

TBPLS REG. NO. 10194172



## **Appendix D**

### **Proposed 27-Acre The Shoppes at Montgomery Development**

#### **Updated Development Acreages & Service Demands**



Developments (Existing & Proposed) (Inside & Outside City)	Development Info & Capacities (Design vs Actual)								Planning Period, ESFC						
	Acres	Lots or Units	SF	Est. ESFC	Design Water	Actual Water	Design Sewer	Actual Sewer	2017	2018	2019	2020	2021	2022	2023
					360/ESFC	427/ESFC	300/ESFC	120/ESFC							
<b>Existing Development</b>					360	427	300	120							
Exist. Connections-Comm.				101	36,360	43,127	30,300	12,120	101						
Exist. Connections-Res.				407	146,520	173,789	122,100	48,840	407						
Exist. Connections-Irr.				49	17,640	20,923	14,700	5,880	49						
Exist. Connections-Inst.				7	2,520	2,989	2,100	840	7						
Exist. Connections-City/Other				21	7,560	8,967	6,300	2,520	21						
Subtotals	297.33	343		585	334,080	396,256	278,400	111,360	754	778	783	-	-	-	-
<b>Platted Development - Design/Construction</b>															
Buffalo Springs Shopping, Ph. 1	33.5			121.0	43,560	51,667	36,300	14,520	60.5	60.5					
Buffalo Springs Shopping, Ph. 2	18.5			135.0	48,600	57,645	40,500	16,200	68	66					
Heritage Medical Center	1.687			10.0	3,600	4,270	3,000	1,200	10						
Hills of Town Creek	24.6	100		100.0	36,000	42,700	30,000	12,000	25	25	25	25			
KenRoc Development	20.7			111.0	40,000	47,397	30,000	13,320	20	30	61				
Lake Creek Village, Section 2	11.6	45		45.0	16,200	19,215	13,500	5,400	23	22					
McCoy's Deveopment	10.4			33.0	11,880	14,091	9,900	3,960	33						
Pizza Shack	3.3		12,000	72.0	25,920	30,744	21,600	8,640	72			--			
Waterstone, Section 2	22	80		80.0	28,800	34,160	24,000	9,600	20	20	20				
Virgin Development Tract	2			10.0	3,600	4,270	3,000	1,200	10						
Terra Vista	17	62		62.0	22,320	26,474	18,600	7,440	20	21	21				
West Side at the Park	3.9	11		11.0	3,960	4,697	3,300	1,320	5			45	-	-	-
Subtotal	169.187	298	12,000	790.0	284,440	337,330	233,700	94,800	367	245	127				
Cumulative Subtotal				1,375	618,520	733,586	512,100	206,160	1,170	1,438	1,570				
<b>Development In Feasibility</b>															
The Montgomery Shoppes	17			83.0	30,000	35,441	24,900	9,960	20	20	43				
Subtotal	17			83.0	30,000	35,441	24,900	9,960	20	20	43	-	-	-	-
Cumulative Subtotal				1,458	648,520	769,027	537,000	216,120	1,190	1,468	1,613				

Developments (Existing & Proposed) (Inside & Outside City)	Development Info & Capacities (Design vs Actual)								Planning Period, ESFC						
	Acres	Lots or Units	SF	Est. ESFC	Design Water	Actual Water	Design Sewer	Actual Sewer	2017	2018	2019	2020	2021	2022	2023
					360/ESFC	427/ESFC	300/ESFC	120/ESFC							
<b>Potential Future Development</b>															
HEB Tract	31.9		65,000	58.5	21,060	24,980	17,550	7,020		27					
Heritage Plaza, Phase2		140		140.0	50,400	59,780	42,000	16,800	30	37					
Lake Creek Village Section 3	30.6	22		22.0	7,920	9,394	6,600	2,640	10	12					
Montgomery Forest	68	195		195.0	70,200	83,265	58,500	23,400		39	39	39	39		
Montgomery Ridge	125	488		488.0	175,680	208,376	146,400	58,560		50	50	50	50	50	50
Stewart Landing	33	105	10,000	125.0	45,000	53,375	37,500	15,000		20	20	20	20	15	15
Summit Business Park, Phase 2		8	60,000	12.0	4,320	5,124	3,600	1,440		6					
Town Creek Village, Phase 2	34.8	152		72.4	26,058	30,907	21,715	8,686		35	37				
Waterside Estates	61	85		85.0	30,600	36,295	25,500	10,200		43	42				
Waterstone, Section 3		36		36.0	12,960	15,372	10,800	4,320		12	12	12			
Waterstone, Section 4		19		19.0	6,840	8,113	5,700	2,280		6	6	7			
Misc Undeveloped Land (city)	1000			4,000	1,440,000	1,680,000	1,200,000	480,000	50	100	100	100	200	200	200
Misc Undeveloped Land (ETJ)	5200			20,800	7,488,000	8,736,000	6,240,000	2,496,000							
Subtotal				5322.9	1,916,238	2,244,381	1,596,865	644,346	115	407	331	228	309	265	265
<b>Totals:</b>				6,781	2,564,758	3,013,408	2,133,865	860,466	1,305	1,875	1,944	2,172	2,481	2,746	3,011

**Projected Volumes:**

<b>Water</b>	<b>469,620</b>	<b>675,000</b>	<b>699,840</b>	<b>781,920</b>	<b>893,160</b>	<b>988,560</b>	<b>1,083,960</b>
<b>Sewer</b>	<b>391,350</b>	<b>562,500</b>	<b>583,200</b>	<b>651,600</b>	<b>744,300</b>	<b>823,800</b>	<b>903,300</b>

## **Appendix E**

**Proposed 27-Acre The Shoppes at Montgomery Development**

**Excerpt from 2015 Water System Analysis and Master Plan**



**JONES | CARTER**

Texas Board of Professional Engineers Registration No. F-439

### 2.3 Water Production Facilities

The current water production facilities are comprised of two water plants. Water Plant No. 2 was constructed in 1985 and is located at 905 Stewart Street. Water Plant No. 3 was constructed in 2007 and expanded in 2014 and is located at 149109 Business Park Drive. Water Plant No. 1 was demolished by the City in 2012 and is located at 210 Pond Street (Southeast corner of Pond Street and College Street). Water Plant No. 1 was not included in this analysis. The City does not currently have any interconnects with other water supply systems.

Water Plant No. 2 consists of one (1) 375 gallon per minute (gpm) Jasper Aquifer water well, three (3) 250 gpm booster pumps, one (1) 125,000 gallon ground storage tank, one (1) 8,000 gallon hydropneumatic tank, one emergency generator and one control building.

Water Plant No. 3 consists of one (1) 1,200 gpm Catahoula Aquifer water well, one (1) 500 gpm Jasper Aquifer water well, three (3) 500 gpm booster pumps, one (1) 100,000 gallon ground storage tank, one (1) 210,000 gallon ground storage tank, one (1) 5,000 gallon hydropneumatic tank, one (1) 4,500 gallon hydropneumatic tank, one emergency 250 KW generator and one control building.

The existing water plant facilities are inventoried in detail and analyzed for compliance with requirements for water plant production, storage, and distribution rules per 30 TAC §290.44(d) in Attachment C. A summary of the Water Plant Nos. 2 and 3 facilities is shown in Table No. 3 below. The City currently has 554 physical connections as of June 2015. Connections defined per 30 TAC §290.38(15) includes apartments as a single connection and excludes irrigation as a connection. The City currently has 641 connections according to 30 TAC §290.38(15). The construction of CP No. 9 will increase the hydropneumatic tank capacity to 1,375 connections. The construction of CP No. 6 will eliminate hydropneumatic tank and booster pump capacity limitations due to the elevated storage tank per 30 TAC §290.45(b)(D)(iv). See *Sections 3.2.1 and 3.3.2* for proposed water production and distribution Capital Projects. The existing booster pump capacity is sufficient to serve 1,939 connections and the hydropneumatic tank capacity is sufficient to serve 875 connections.

**Table No. 3**  
**Existing Water Plant Facilities**

Water Plant	Well Capacity	Booster Pump Capacity	Hydropneumatic tank Capacity	Ground Storage Tank Capacity
No. 2 – Stewart Street	375 gpm	3 @ 250 gpm	8,000 gal	210,000 gal
No. 3 – Highway 1097	1,700 gpm	4 @ 500 gpm	9,500 gal	310,000 gal

The City obtains all of its water from groundwater wells. The City is also mandated by its GRP, approved by the LSGCD, to obtain a minimum of 70% of its water from alternate water sources (the Catahoula Aquifer well). Based on the limitations of the GRP, Well No. 4 (Catahoula) at Water Plant No. 3 should provide all the water for average daily demand in the City and Wells Nos. 2 & 3 (Jasper) should only be used for emergencies or during maintenance of Well No. 4 (Catahoula).

## **Appendix F**

### **Proposed 27-Acre The Shoppes at Montgomery Development Excerpt from 2015 Sanitary Sewer System Analysis and Master Plan**



**JONES | CARTER**

Texas Board of Professional Engineers Registration No. F-439



Table No. 2  
Exist Lift Station Capacity Summary

Lift Station No.	Diameter (ft)	No. Pumps	Pump Size (gpm)	Lift Station ADF Design Capacity (gpd) <sup>(1)</sup>	2014-2015	% of Capacity Used <sup>(2)</sup>
					Max Month Average <sup>(2)</sup>	
Lift Station 1	10	2	725 <sup>(3)</sup>	261,000	376,986	144%
Lift Station 2	6	3	350 <sup>(4)</sup>	338,400	375,578	111%
Lift Station 3	6	2	233	83,880	240,409	287%
Lift Station 4	3	2	160 <sup>(5)</sup>	57,600	182,304	317%
Lift Station 5	6	2	400	144,000	56,800	39%
Lift Station 6	6	2	113	40,680	19,809	49%
Lift Station 7	5	2	100	36,000	1,988	6%
Lift Station 8	8	2	155	55,800	93,000 <sup>(6)</sup>	167%
Lift Station 9	11.5	2	350	126,000	200	0%
Lift Station 10	9	2	350	126,000	1,641	1%
Lift Station 12	4	2	110 <sup>(7)</sup>	39,600	108	0%
Lift Station 13	6	3	213	153,360	0	0%

Notes:

- (1) Lift Station Design Capacity is based on the provided pump size (gpm) x 60 mins x 6 hours of run time with the largest pump out of service per TAC 30 §217.60(b)(7), Table C.4 for pumps smaller than 50 HP.
- (2) Max Month Average Flow and % of Capacity used Based on Lift Station Run Times as provided by the Operator.
- (3) Pump size is based off the head calculations of the current discharge condition according to the manufacturer recommendations. Pumps are rated for 200 gpm.
- (4) 350 gpm per pump is based off the effective flow rate of two (2) 470 gpm pumps running simultaneously.
- (5) Pump sizes were not available at the time of the report. LS 4 pump sizes are estimated based on the total flow of LS 2 minus the flow of the lift station is LS 2's service area (LSs 3, 5, 7 & 8).
- (6) Lift station run times were not available for LS 8. Based on conversations with the City, this lift station's high level alarm is triggered numerous times each month. The max month average is estimated by one (1) pump running 10 hours per day.
- (7) Pump sizes were not available at the time of the report. LS 12 pump sizes are estimated based the discharge condition and diameter of the wet well.

## 2.5 Model Creation

A sanitary sewer model is not able to be completed at this time due to the lack of consistent, daily data as mentioned in *Section 2.4*. A sanitary sewer model can be used to assess the flows, velocities, and pressures within the City's sanitary sewer system. It can also be used for planning purposes, to determine the effect new developments will have on the existing system.

## 2.6 Model Calibration

As mentioned in *Section 2.5*, the sanitary sewer model has not been completed as of this 2015 report. Once created, this model could be calibrated by utilizing real time data collection such as flow monitoring or SCADA Connection of the Lift Stations. The Controls & Instrumentation infrastructure is not in place at the lift stations to collect data via SCADA. We would recommend flow monitoring if a calibrated model is desired.



## The City of Montgomery

### 2015 Sanitary Sewer System Analysis and Master Plan

CP 2 needs to be completed as soon as possible, and is in addition to, not in lieu of any other CP described in this section. Other CPs that impact these lift stations could be modified to include the scope of work described in the 2014 Wastewater Inspection Report, as applicable.

This project is estimated to cost \$460,000, with 20% contingencies and engineering.

#### Capital Project No. 3a – Lift Station No. 1 Expansion to 0.76 MGD

Capital Project No. 3a (CP 3a) consists of the replacement of pumps at LS 1 to serve ultimate development. This CP assumes the City elects Option A as described in *Section 3.2.5* and CPs 1, 4a, 8, and 9a are completed. This will result in all sanitary sewer flow ultimately going to the Stewart Creek WWTP via LS 1. LS 1's existing pumps are undersized and over capacity, currently receiving 0.38 MGD of flow daily, while only being designed to pump 0.26 MGD.

Based on the data we have collected and the flow projections provided in *Section 2.4* this lift station will ultimately receive 760,000 gpd ADF, unless the Town Creek WWTP is reactivated or replaced. Based on the proposed flowrate of 760,000 gpd ADF or 2,111 gpm, firm capacity, LS 1 will need at least three (3) 1,050 gpm pumps to meet TAC 30 §217 rules and regulations. LS 1 is currently served by two (2) 200 gpm pumps that currently operate significantly off their curve at around 700-750 gpm. The lift station and available pumps will need to be evaluated to ensure the proposed pumps can fit in the existing station through the current access hatch. If the lift station is not large enough to install three (3) 1,050 gpm pumps, the 10-foot diameter lift station will need to be removed and replaced with a larger structure.

This project is estimated to cost \$1,440,000, with 25% contingencies and engineering.

#### Capital Project No. 3b – Lift Station No. 1 Expansion to 0.40 MGD

Capital Project No. 3b (CP 3b) consists of the replacement of pumps at LS 1 to serve existing development. CP 3b assumes the City elects Option B as described in *Section 3.2.5* and completes CPs 1, 4b, and 9b. LS1's pumps are undersized and over capacity, currently receiving 0.38 MGD of flow daily, while only being designed to pump 0.26 MGD.

Additional data needs to be collected to confirm the actual flow coming to LS 1 to confirm the size of pumps that need to be installed. Per Option B in *Section 3.2.5*, if CP 9b is completed, the Town Creek WWTP would be replaced to be able to treat 0.54 MGD. Based on the data we have collected these pumps should be sized to handle 0.40 MGD ADF or 1,111 gpm peak flow. Based on its size and the amount of flow it receives, LS 1 should have three (3) pumps 600 gpm pumps to meet TAC 30 §217 rules and regulations. LS 1 is currently served by two (2) 200 gpm pumps that currently operate significantly off their curve at around 700-750 gpm.

This project is estimated to cost \$860,000, with 25% contingencies and engineering.

#### Capital Project No. 3c – Lift Station No. 1 Expansion to 0.59 MGD

Capital Project No. 3c (CP 3c) consists of the replacement of pumps at LS 1 to serve existing development, and the ultimate development under Option C of *Section 3.2.5*, with completion of CPs 1,

## **Appendix G**

### **Proposed 27-Acre The Shoppes at Montgomery Development**

#### **Excerpt from Impact Fee Analysis**



**JONES | CARTER**

Texas Board of Professional Engineers Registration No. F-439

**Table 1.1 Maximum Assessable Impact Fee for Commonly Used Meters**

<b>Meter Size</b>	<b>Maximum Flow (GPM)</b>	<b>Equivalent Single Family Connection (ESFC)</b>	<b>Maximum Assessable Water Fee (\$/ESFC)</b>	<b>Maximum Assessable Wastewater Fee (\$/ESFC)</b>	<b>Maximum Assessable Fee (\$/ESFC)</b>
5/8"	15	1.00	\$1,252	\$2,793	\$4,045
3/4"	25	1.67	\$2,091	\$4,664	\$6,756
1"	40	2.67	\$3,343	\$7,457	\$10,801
1 1/2"	120	8.00	\$10,018	\$22,345	\$32,362
2"	170	11.33	\$14,187	\$31,645	\$45,833
3"	350	23.33	\$29,214	\$65,162	\$94,376
4"	600	40.00	\$50,088	\$111,723	\$161,811
6"	1,200	80.00	\$100,176	\$223,445	\$323,621
8"	1,800	120.00	\$150,264	\$335,168	\$485,432