



THE CITY OF JACKSONVILLE

**CITY OF JACKSONVILLE SPECIAL CITY COUNCIL MEETING
JACKSONVILLE CITY COUNCIL CHAMBERS
315 S. RAGSDALE
TUESDAY, JANUARY 22, 2019
12:00 NOON**

Dick Stone, Mayor
Jeff Smith, Mayor Pro-tem - District 2
Hubert Robinson - District 1
Randy Gorham - District 3
Rob Gowin - District 4

- 1. CALL TO ORDER**
- 2. INVOCATION**
- 3. DISCUSS AND CONSIDER WITH POSSIBLE ACTION APPROVING AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF JACKSONVILLE, TEXAS, AUTHORIZING THE ISSUANCE OF CITY OF JACKSONVILLE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2019; LEVYING A TAX IN PAYMENT THEREOF, ENACTING OTHER PROVISIONS RELATING THERETO; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF**
- 4. CLOSED EXECUTIVE SESSION CITY HALL CONFERENCE ROOM-PER OPEN MEETINGS ACT-PER TEXAS GOVERNMENT CODE SECTION 551.07;CONSULTATION WITH ATTORNEYS: PENDING LITIGATION, WASSON VS. CITY OF JACKSONVILLE**
- 5. OPEN FROM EXECUTIVE SESSION FOR ANY ACTION IF NECESSARY**
- 6. ADJOURN**

Posted this the 18th day of January, 2019. _____ AM / PM

CERTIFICATION

I certify that this notice was posted at City Hall for public viewing on the date and time designated above.

Greg Lowe, City Secretary

All items on the agenda are for possible discussion and action. The Jacksonville City Council reserves the right to adjourn into executive session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Sections 551.071(Consultation with Attorneys); 551.072 (Deliberations about Real Property); 551.073(Deliberations about gifts and donations); 551.074(Personnel Matters); 551.076(Deliberations about security devices); and 551.087(Deliberations regarding economic development negotiations).The City of Jacksonville is committed to compliance with the American with Disabilities Act (ADA). Reasonable accommodation and equal access to communications will be provided to those who provide notice to the City Secretary at (903)586-0091 at least 48 hours in advance.

ZIONS BANCORPORATION, N.A.

January 22, 2019

Mayor and City Council
City of Jacksonville, Texas
315 S. Ragsdale Street
Jacksonville, Texas 75766

Re: \$5,700,000 City of Jacksonville, Combination Tax and Revenue Certificate of
Obligation, Series 2019

Ladies and Gentlemen:

Zions Bancorporation, N.A. (the "Purchaser") hereby offers to purchase from the City of Jacksonville, Texas (the "City") the captioned Certificate (the "Certificate") and, upon acceptance of this offer by the City, such offer will become a binding agreement between the Purchaser and the City. This offer must be accepted by 10:00 p.m., Jacksonville, Texas time, January 22, 2019, and if not so accepted will be subject to withdrawal.

1. Purchase Price: The purchase price for the Certificate will be \$5,727,000.
2. Purchaser's Fees: The City shall pay MAC fees in the amount of \$970. The Purchaser will serve as Paying Agent/Registrar for the Note at no cost to the City.
3. Terms of Certificate: The Certificate shall be issued in the principal amount of \$5,727,000 and shall bear interest at such rates, mature on such date, be subject to optional and mandatory redemption, and have such other terms and conditions as are set forth in the ordinance (the "Certificate Ordinance") adopted by the City Council of the City on February 22, 2019. Purchaser has received a copy of the Certificate Ordinance. The Certificate is being issued to fund the repair and renovation of, the construction of improvements to and the equipment of the City's waterworks and sewer system, and the costs of professional services incurred in connection therewith. Pursuant to and as more fully described in the Certificate Ordinance, the Certificates shall be secured by a pledge of ad valorem taxes levied, within the limits prescribed by law, on all taxable property within the City, and a limited pledge of a subordinate lien on the net revenues of the City's waterworks and sewer system in an amount not to exceed \$1,000.
4. Closing: The City shall deliver the Certificate to, or for the account of, the Purchaser and the Purchaser shall purchase the Certificate at 10:00 a.m. Houston time, on February 13, 2019, or at such other time as shall be mutually agreed upon (hereinafter referred to as the "Closing"). The Closing shall take place at the offices of Bracewell LLP, Houston, Texas, or such other location as may be mutually agreed upon.
5. Conditions to Closing: Neither the Purchaser nor the City shall have any obligation to consummate the purchase of the Certificate unless the following requirements have been satisfied prior to Closing:

- a) The Purchaser shall have received a certified copy of the Certificate Ordinance.
- b) The City shall have delivered a no-litigation certificate.
- c) Bracewell LLP shall have received an executed Federal Tax Certificate and an executed Issue Price Certificate in such forms as are sufficient to support its opinion described in paragraph 5(d), below.
- d) Bracewell LLP shall have issued its approving legal opinion as to the due authorization, issuance and delivery of the Certificate and as to the exemption of the interest thereon from federal income taxation.
- e) The Certificate shall have been approved by the Attorney General of the State of Texas and shall have been registered by the Comptroller of Public Accounts of the State of Texas.
- f) Nothing shall have occurred prior to Closing, which, in the Purchaser's opinion, has had or could have a materially adverse effect on the financial condition or general affairs of the City.

6. Acknowledgements and Representations of the Purchaser.

- a) The Purchaser is a "bank" as defined in Section 3(a)(2) of the Securities Act of 1933 (the "1933 Act") or an "accredited investor" within the meaning of Section 2(a)(15) of the 1933 Act and/or a "qualified institutional buyer" as defined in Rule 144A under the 1933 Act, as amended.
- b) The Purchaser has sufficient knowledge and experience in financial and business matters, including purchase and ownership of municipal and other tax-exempt obligations of a nature similar to the Certificate to be able to evaluate the risks and merits of the investment represented by the purchase of the Certificate.
- c) The Purchaser is acquiring the Certificate for its own account as evidence of a loan or for the account of a permitted transferee, and not with a view to, or for present sale in connection with, any distribution of the Certificate or any part thereof. It is the Purchaser's present intent to hold the Certificate to maturity or earlier redemption.
- d) As a sophisticated investor, the Purchaser has made its own credit inquiry and analysis with respect to the City and the Certificate, and has made an independent credit decision based upon such inquiry and analysis. The City has furnished to the Purchaser all the information that the Purchaser, as a reasonable investor, has requested of the City as a result of the Purchaser having attached significance thereto in making an investment decision with respect to the Certificate, and the Purchaser has had the opportunity to ask questions of and receive answers from knowledgeable individuals concerning the City and the Certificate. The Purchaser is able and willing to bear the economic risk of the purchase and ownership of the Certificate.

- e) The Purchaser understands that the Certificate has not been registered with any federal or state securities agency or commission.
- f) The Purchaser acknowledges that the Certificate is transferrable only by notation on the Register maintained by the Registrar and is freely transferrable provided that:
 - (i) the transferring holder thereof shall first have complied with any then applicable state and federal securities laws and regulations;
 - (ii) the transferring holder thereof can transfer the Certificate only to:
 - (A) a transferee who executes and delivers to the City a letter of the transferee containing substantially the representations set forth in this Section 6; or
 - (B) a transferee who qualifies as a qualified institutional investor; or
 - (C) a transferee who qualifies as an “accredited investor” within the meaning of Section 2(a)(15) of the 1933 Act, including a transferee who qualifies as a national bank or banking institution organized under the laws of any state acting in its individual or fiduciary capacity; or
 - (D) a securitization Special Purpose Vehicle (“SPV”), the interests in which SPV are sold to institutional investors only; and
 - (iii) the transferring holder thereof will not prepare or furnish, or cause to be prepared or furnished, any disclosure regarding the City’s finances without the prior review and written consent of the City, in the City’s sole discretion. However, the transferring holder will be permitted to disclose any of the City’s publically available financial information.
- g) The Purchaser represents that, to the extent this Agreement constitutes a contract for goods or services within the meaning of Section 2270.002 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2270 of the Texas Government Code, and subject to applicable Federal law, neither the Purchaser nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Purchaser (i) boycotts Israel or (ii) will boycott Israel through the term of this Agreement. The terms “boycotts Israel” and “boycott Israel” as used in this paragraph have the meanings assigned to the term “boycott Israel” in Section 808.001 of the Texas Government Code, as amended.
- (h) The Purchaser represents that, as of the date of this Agreement, to the extent this Agreement constitutes a governmental contract within the meaning of Section 2252.151 of the Texas Government Code, as amended, solely for purposes of compliance with Chapter 2252 of the Texas Government Code, and except to the extent otherwise required by applicable federal law, neither the Purchaser nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate

of the Purchaser is an entity listed by the Texas Comptroller of Public Accounts under Sections 2252.153 or 2270.0201 of the Texas Government Code.

7. Audited Financial Statements. The City agrees to provide to Purchaser a copy of its audited financial statements within 270 days of the end of each fiscal year. The City may satisfy such obligation through a posting made on the Electronic Municipal Market Access website (www.emma.msrb.org).
8. Survival and Severability: For so long as the Certificate remains outstanding, the covenants made in paragraph 6 and 7 above shall remain operative and in full force and effect, regardless of (i) any investigation made by or on behalf of any party hereto or (ii) delivery of and payment for the Certificate hereunder.
9. No Oral Agreements: To the extent allowed by law, the parties hereto agree to be bound by the terms of the following notice: NOTICE: THIS PURCHASE LETTER, THE CERTIFICATE ORDINANCE, AND THE CERTIFICATE TOGETHER REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES REGARDING THIS TRANSACTION AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS TRANSACTION.

[Remainder of Page Intentionally Left Blank]

If this purchase agreement meets with your approval, please execute it in the place provided below.

ZIONS BANCORPORATION, N.A.

By: _____
Name: _____
Title: _____

ACCEPTED BY:
CITY OF JACKSONVILLE, TEXAS:

By: _____
Mayor
City of Jacksonville, Texas

ORDINANCE NO. 1551

AUTHORIZING THE ISSUANCE OF

CITY OF JACKSONVILLE, TEXAS
COMBINATION TAX AND
REVENUE CERTIFICATE OF OBLIGATION
SERIES 2019

Adopted: January 22, 2019

TABLE OF CONTENTS

Page

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.1. Definitions.....2
Section 1.2. Other Definitions4
Section 1.3. Findings.....4
Section 1.4. Table of Contents, Titles, and Headings5
Section 1.5. Interpretation.....5

ARTICLE II

TAX LEVY; INTEREST AND SINKING FUND; PLEDGE OF REVENUES

Section 2.1. Tax Levy5
Section 2.2. Interest and Sinking Fund6
Section 2.3. Pledge of Revenues6

ARTICLE III

**AUTHORIZATION; GENERAL TERMS AND
PROVISIONS REGARDING THE CERTIFICATE**

Section 3.1. Authorization6
Section 3.2. Date, Denomination, Maturities, and Interest.....7
Section 3.3. Medium, Method and Place of Payment.....7
Section 3.4. Execution and Registration of Certificate.....8
Section 3.5. Ownership9
Section 3.6. Registration, Transfer, and Exchange.....9
Section 3.7. Cancellation and Authentication.....10
Section 3.8. Replacement Certificate.....10

ARTICLE IV

REDEMPTION OF CERTIFICATE BEFORE MATURITY

Section 4.1. Limitation on Redemption11
Section 4.2. Optional Redemption11
Section 4.3. Mandatory Sinking Fund Redemption.....11
Section 4.4. Partial Redemption.....12
Section 4.5. Notice of Redemption to Owners12
Section 4.6. Payment Upon Redemption13
Section 4.7. Effect of Redemption.....13

Section 4.8.	Lapse of Payment.....	13
--------------	-----------------------	----

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.1.	Appointment of Initial Paying Agent/Registrar.....	13
Section 5.2.	Qualifications.....	14
Section 5.3.	Maintaining Paying Agent/Registrar	14
Section 5.4.	Termination.....	14
Section 5.5.	Notice of Change to Owners.....	14
Section 5.6.	Agreement to Perform Duties and Functions.....	14
Section 5.7.	Delivery of Records to Successor	14

ARTICLE VI

FORM OF THE CERTIFICATE

Section 6.1.	Form Generally.....	15
Section 6.2.	Form of the Certificate.....	15
Section 6.3.	Legal Opinion	15

ARTICLE VII

SALE AND DELIVERY OF CERTIFICATE;
DEPOSIT OF PROCEEDS; OFFICIAL STATEMENT

Section 7.1.	Sale of Certificate	15
Section 7.2.	Deposit of Proceeds	16
Section 7.3.	Control and Delivery of Certificate	16

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8.1.	Payment of the Certificate	17
Section 8.2.	Other Representations and Covenants	17

ARTICLE IX

PROVISIONS CONCERNING FEDERAL INCOME TAX EXCLUSION

Section 9.1.	General Tax Covenants.....	17
Section 9.2.	No Private Use or Payment and No Private Loan Financing.....	18
Section 9.3.	No Federal Guarantee	18
Section 9.4.	Certificate Is Not A Hedge Bond.....	18
Section 9.5.	No-Arbitrage Covenant.....	18
Section 9.6.	Arbitrage Rebate	18

Section 9.7.	Information Reporting	19
Section 9.8.	Record Retention	19
Section 9.9.	Registration	19
Section 9.10.	Deliberate Actions	19
Section 9.11.	Continuing Obligation	19

ARTICLE X

QUALIFIED TAX-EXEMPT OBLIGATIONS

Section 10.1.	Qualified Tax-Exempt Obligations.....	20
---------------	---------------------------------------	----

ARTICLE XI

DISCHARGE

Section 11.1.	Discharge	20
---------------	-----------------	----

ARTICLE XII

MISCELLANEOUS

Section 12.1.	Changes to Ordinance	20
Section 12.2.	Related Matters	20
Section 12.3.	Individuals Not Liable	21
Section 12.4.	Severability and Savings.....	21
Section 12.5.	Repealer	21
Section 12.6.	Force and Effect.....	21

EXHIBIT A	FORM OF CERTIFICATE.....	A-1
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AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF JACKSONVILLE, TEXAS, AUTHORIZING THE ISSUANCE OF CITY OF JACKSONVILLE, TEXAS COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION, SERIES 2019; LEVYING A TAX IN PAYMENT THEREOF, ENACTING OTHER PROVISIONS RELATING THERETO; AND PROVIDING FOR THE EFFECTIVE DATE THEREOF

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

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

WHEREAS, the governing body (the “City Council”) of the City has found and determined that it is necessary and in the best interests of the City and its citizens that it issue such certificate of obligation authorized by this Ordinance; and

WHEREAS, the City Council has found and determined that the issuance of the certificate of obligation through a direct purchase will result in the best value for the City; and

WHEREAS, pursuant to a resolution heretofore passed by this governing body, notice of intention to issue the certificate of obligation of the City payable as provided in this Ordinance was published in a newspaper of general circulation in the City in accordance with the laws of the State of Texas, which notice provided that the principal amount of such certificates of obligation would not exceed \$5,900,000 and the proceeds would be used for the purpose of paying contractual obligations to be incurred for the purposes set forth in Section 3.1 hereof; and

WHEREAS, such notice provided that the City tentatively planned to consider the passage of an ordinance authorizing the issuance of the certificate of obligation on January 22, 2019; and

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

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

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

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

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.1. Definitions.

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

“Bond Counsel” means Bracewell LLP.

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

“Certificate” or “Certificates” means the City’s certificate of obligation entitled “City of Jacksonville, Texas Combination Tax and Revenue Certificate of Obligation, Series 2019” authorized to be issued by Section 3.1 of this Ordinance.

“City” means the City of Jacksonville, Texas.

“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).

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Houston, Texas or at such other location designated by the Paying Agent/Registrar, and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“Fiscal Year” means the twelve month financial accounting period used for the System currently ending each year on September 30th, as may be amended from time to time.

“Gross Revenues” means, for any period, all income, receipts and revenues of every nature derived or received from the operation and ownership (excluding refundable meter deposits, restricted gifts and grants in aid of construction) of the System, including earnings and income derived from investments or deposits of moneys in any special funds or accounts created and

established for the payment and security of the Prior Lien Obligations and other obligations payable solely from and secured only by a lien on and pledge of the Net Revenues of the System.

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

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.2 of this Ordinance.

“Interest Payment Date” means date or dates upon which interest on the principal of the Certificate is scheduled to be paid until its maturity or prior redemption, such dates being February 15 and August 15 of each year, commencing on February 15, 2020.

“Issuance Date” means the date of the initial delivery of and payment for the Certificate.

“Maintenance and Operating Expenses” means all current expenses of operating and maintaining the System as authorized by the provisions of Chapter 1502, Texas Government Code, as amended, including but not limited to, all salaries, labor, materials, repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised, are necessary to maintain the operations and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which otherwise impair obligations payable from Net Revenues shall be deducted in determining Net Revenues. Depreciation charges shall not be considered Maintenance and Operating Expenses. Maintenance and Operating Expenses shall include payments under contracts for the purchase of water supply, treatment of sewage or other materials, goods or services for the System to the extent authorized by law and the provisions of such contract.

“Net Revenues” means for any period, the Gross Revenues of the System, with respect to any period, after deducting the System’s Maintenance and Operating Expenses during such period.

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

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

“Paying Agent/Registrar” means initially Zions Bancorporation, N.A. Dallas, Texas.

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

“Prior Lien Obligations” means all bonds or similar obligations hereafter issued that are payable in whole or in part from and secured by a lien on and pledge of the Net Revenues of the System, which is prior in right and claim to the lien on and pledge of the Surplus Revenues securing the payment of the Certificate.

“Purchase Letter” means the letter agreement described in Section 7.1 of this Ordinance.

“Purchaser” means Zions Bancorporation, N.A.

“Record Date” means, for any Interest Payment Date, the last Business Day of the month next preceding each Interest Payment Date.

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

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

“Special Payment Date” means the date that is fifteen (15) days after the Special Record Date, as described in Section 3.3(b).

“Special Record Date” means a new record date for interest payment established in the event of a nonpayment of interest on a scheduled date, and for thirty (30) days thereafter, as described in Section 3.3(b).

“State” means the State of Texas.

“Surplus Revenues” means the revenues available after the payment of all Maintenance and Operating Expenses of the System and the debt service payable from Gross Revenues or Net Revenues of the System, as well as any other payments, costs or expenses designated in an ordinance authorizing the issuance of obligations secured by revenues of the System.

“System” as used in this Ordinance means all properties, real, personal, mixed or otherwise, now owned by or hereafter acquired by the City through purchase, construction or otherwise, and used in connection with the waterworks and sewer system of the City, and anywise appertaining thereto, whether situated within or without the limits of said City.

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

Section 1.2. Other Definitions.

The terms “Act,” “City” and “City Council” shall have the meanings assigned in the preamble to this Ordinance.

Section 1.3. Findings.

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

Section 1.4. Table of Contents, Titles, and Headings.

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

Section 1.5. Interpretation.

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

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

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

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

ARTICLE II

TAX LEVY; INTEREST AND SINKING FUND; PLEDGE OF REVENUES

Section 2.1. Tax Levy.

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

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

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Certificate and related fees and expenses when and as due and payable in accordance with its terms and this Ordinance.

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

Section 2.2. Interest and Sinking Fund.

(a) The City hereby establishes a special fund or account to be designated the “City of Jacksonville, Texas, Combination Tax and Revenue Certificate of Obligation, Series 2019, Interest and Sinking Fund” (the “Interest and Sinking Fund”) with said fund to be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City.

(b) Money on deposit in, or required by this Ordinance to be deposited to, the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Certificate when and as due and payable in accordance with its terms and this Ordinance and any related expenses.

Section 2.3. Pledge of Revenues.

The Surplus Revenues to be derived from the operation of the System in an amount not to exceed One Thousand Dollars (\$1,000) are hereby pledged to the payment of the principal of and interest on the Certificate as the same come due; provided, however, that such pledge is and shall be junior and subordinate in all respects to the pledge of the revenues of the System to the payment of all outstanding obligations of the City and any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of the Surplus Revenues for the payment of the Certificate. 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 revenues of the System, secured by a pledge of the revenues of the System that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of Surplus Revenues securing the Certificate. The revenues of the System available after the payment of all Maintenance and Operating Expenses of the System, any debt service payable from Gross Revenues, Net Revenues, or Surplus Revenues of the System, if any, as well as other payments, costs or expenses designated in an ordinance authorizing the issuance of System revenue obligations may be used for any lawful purpose of the City.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE CERTIFICATE

Section 3.1. Authorization.

The City’s “City of Jacksonville, Texas Combination Tax and Revenue Certificate of Obligation, Series 2019” is hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State, specifically Subchapter C, Chapter 271, Texas Local Government Code, as amended. The Certificate shall be issued in the principal amount of \$5,727,000 for the purposes of evidencing the indebtedness of the City for all or any part of the

costs associated with the repair and renovation of, the construction of improvements to and the equipment of the City's System, and the costs of professional services incurred in connection therewith.

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

(a) The Certificate shall be issued as a single term Certificate in the principal amount of \$5,727,000, bearing interest at 3.10% and maturing on February 15, 2034.

(b) The Initial Certificate shall be numbered I-1 and all other Certificates, if any, shall be numbered separately from R-1 upward or with such other designation acceptable to the City and the Paying Agent/Registrar.

(c) The Certificate shall be dated February 1, 2019. Interest on the Certificate shall accrue from the Issuance Date and be paid until the principal amount thereof has been paid or provision for such payment has been made, at the rate per annum specified in subsection (a) above. Such interest shall be payable semi-annually on each Interest Payment Date, computed on a basis of a 360-day year composed of twelve 30-day months.

Section 3.3. Medium, Method and Place of Payment.

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

(b) Interest on the Certificate shall be payable to the Owner whose name appears in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which shall be at least fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of the Owner of the Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the fifteenth day next preceding the date of mailing of such notice.

(c) Interest on the Certificate shall be paid by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the person entitled to such payment, United States mail, first class postage prepaid, to the address of such person as it appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements.

(d) The principal of the Certificate shall be paid to the person in whose name such Certificate is registered on the respective dates due thereof (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office; provided, however, that for so long as the Certificate is held by a single Owner, mandatory sinking fund redemption payments, if applicable, made prior to final

maturity will be noted by the Paying Agent/Registrar, in their official records but will not require presentation and surrender of the Certificate.

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

(f) Subject to any applicable escheat, unclaimed property, or similar law, including Title 6, Texas Property Code, Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be paid to the City; and thereafter, neither the Paying Agent/Registrar nor any other person shall be liable or responsible to any Owners of such Certificate for any further payment of such unclaimed moneys or on account of any such Certificate.

Section 3.4. Execution and Registration of Certificate.

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

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

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

(d) On the Issuance Date, one initial Certificate (the "Initial Certificate") representing the entire principal amount of the Certificate, payable to the Purchaser or its designee, executed by the manual or facsimile signatures of the Mayor or Mayor Pro Tem and the City Secretary, approved by the Attorney General of the State, and registered and manually signed by the Comptroller of Public Accounts of the State, will be delivered to the Purchaser or its designee.

Section 3.5. Ownership.

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

(b) All payments made to person deemed to be the Owner of the Certificate in accordance to this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon the Certificate to the extent of the sums paid.

Section 3.6. Registration, Transfer, and Exchange.

(a) So long as the Certificate remains outstanding, the City shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of the Certificate in accordance with this Ordinance and subject to the limitations contained in the Purchase Letter.

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

(c) The Certificate shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Certificate of the same maturity and interest rate and in any denomination or denominations of \$100,000 or any integral multiple of \$1,000 in excess thereof, and in an aggregate principal amount equal to the unpaid principal amount of the Certificate presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver the Certificate transferred or exchanged for another Certificate in accordance with this Section.

(d) Each exchange Certificate delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate in lieu of which such exchange Certificate is delivered.

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

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

Section 3.7. Cancellation and Authentication.

The Certificate paid or redeemed before scheduled maturity in accordance with this Ordinance, and a Certificate in lieu of which an exchange Certificate or replacement Certificate is authenticated and delivered in accordance with this Ordinance, shall be cancelled upon the making of proper records made with such payment, redemption, exchange, or replacement. The Paying Agent/Registrar shall dispose of such cancelled Certificate in accordance with the Securities Exchange Act of 1934, as amended.

Section 3.8. Replacement Certificate.

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

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

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

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

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

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

(g) 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.

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

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

ARTICLE IV

REDEMPTION OF CERTIFICATE BEFORE MATURITY

Section 4.1. Limitation on Redemption.

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

Section 4.2. Optional Redemption.

The City has reserved the right to redeem the Certificate before its scheduled maturity date, in whole or from time to time in part, on any date after the Issuance Date, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

Section 4.3. Mandatory Sinking Fund Redemption.

(a) The Certificate is issued as a single "Term Certificate" as designated in the form of Certificate contained in Exhibit A attached hereto and is subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on the dates and in the respective principal amounts as set forth in the form of Certificate contained in Exhibit A.

(b) Prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of the Term Certificate equal to the aggregate principal amount of such Term Certificate to be redeemed, shall call such Term Certificate for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.3. Notwithstanding the foregoing, for so long as the Certificate is held as a single Term Certificate by the Purchaser, it shall not be necessary for the Paying Agent/Registrar to provide notice of such mandatory redemption, and the Paying Agent/Registrar shall record the reductions in the principal amount of the Certificate due to mandatory sinking fund redemption payments in its official records and provide the City with a copy of such record.

(c) The principal amount of the Term Certificate required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.3 shall be reduced, at the option of the City, by the principal amount of any Term Certificate which, at least 45 days prior to the mandatory sinking fund redemption date shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation.

Section 4.4. Partial Redemption.

(a) If less than the outstanding principal amount of the Certificate is to be redeemed pursuant to Section 4.2 hereof, the City shall determine the maturity or maturities (or the mandatory sinking fund payment with respect to a Term Certificate) and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot, or other customary method that results in random selection, the Certificate, or portions thereof, within such maturity or maturities (or mandatory sinking fund payments with respect to a Term Certificate) and in such principal amounts for redemption.

(b) A portion of the Certificate in a denomination greater than \$100,000 may be redeemed, but only in a principal amount equal to \$100,000 or any integral \$1,000 multiple thereof. If such the Certificate is to be partially redeemed, the Paying Agent/Registrar shall treat each \$100,000 portion or any integral \$1,000 multiple of the Certificate as though it were a single Certificate for purposes of selection for redemption.

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

Section 4.5. Notice of Redemption to Owners.

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

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

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

Section 4.6. Payment Upon Redemption.

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

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

Section 4.7. Effect of Redemption.

(a) When the Certificate has been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Certificate 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 Owner to collect interest which would otherwise accrue after the redemption date on the Certificate or portion thereof called for redemption shall terminate on the date fixed for redemption. If the City shall fail to make provision for payment of all sums due on a redemption date, then the Certificate or portion thereof called for redemption shall continue to bear interest at the rate stated on the Certificate until due provision is made for the payment of same.

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

Section 4.8. Lapse of Payment. Money set aside for the redemption of the Certificate and remaining unclaimed by the Owner thereof shall be subject to the provisions of Section 3.3(f) hereof.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.1. Appointment of Initial Paying Agent/Registrar.

(a) Zions Bancorporation, N.A. Dallas, Texas, is hereby appointed as the initial Paying Agent/Registrar for the Certificate. The form of Paying Agent/Registrar Agreement is hereby approved.

(b) The City hereby approves and the Mayor or Mayor Pro Tem and the City Secretary are hereby authorized to execute and deliver a Paying Agent/Registrar Agreement, specifying the duties and responsibilities of the City and the Paying Agent/Registrar.

Section 5.2. Qualifications.

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

Section 5.3. Maintaining Paying Agent/Registrar.

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

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

Section 5.4. Termination.

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 (i) 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 Certificate.

Section 5.5. Notice of Change to Owners.

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

Section 5.6. Agreement to Perform Duties and Functions.

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

Section 5.7. Delivery of Records to Successor.

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

ARTICLE VI

FORM OF THE CERTIFICATE

Section 6.1. Form Generally.

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

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

Section 6.2. Form of the Certificate.

The form of the Certificate, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Certificate, shall be substantially as set forth in Exhibit A attached hereto.

Section 6.3. Legal Opinion.

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

ARTICLE VII

SALE AND DELIVERY OF CERTIFICATE; DEPOSIT OF PROCEEDS; OFFICIAL STATEMENT

Section 7.1. Sale of Certificate.

(a) The Certificate is hereby sold and shall be delivered to the Purchaser at the price of \$5,727,000.00, representing the par amount of the Certificate, in accordance with the terms of the Purchaser Letter of even date herewith, presented to and hereby approved by the City Council, which price and terms are hereby found and determined to be the most advantageous reasonably obtainable by the City. The Mayor or Mayor Pro Tem and other appropriate officials of the City are hereby authorized to execute the Purchase Letter on behalf of the City and to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance

and delivery of the Certificate and the approving opinion of the Attorney General of the State of Texas.

(b) All officers and officials of the City are authorized to take such actions and to execute such documents, certificates and receipts, and to make such elections with respect to the tax-exempt status of the Certificate, as they may deem necessary and appropriate in order to consummate the delivery of the Certificate. Further, in connection with the submission of the record of proceedings for the Certificate to the Attorney General of the State of Texas for examination and approval of the Certificate, the appropriate officer of the City is hereby authorized and directed to issue a check of the City payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount to be the lesser of (i) 1/10th of 1% of the principal amount of the Certificate or (ii) \$9,500, but in no case less than \$750).

(c) The obligation of the Purchaser to accept delivery of the Certificate is subject to the Purchaser being furnished with the final, approving opinion of Bond Counsel to the City, which opinion shall be dated as of and delivered on the Issuance Date.

Section 7.2. Deposit of Proceeds.

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

(a) Certificate proceeds in the amount of \$5,727,000.00 shall be used for the purposes set forth in Section 3.1; and

(b) Any amounts remaining after accomplishing the purposes specified in Section 3.1 may be deposited to the Interest and Sinking Fund.

Section 7.3. Control and Delivery of Certificate.

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

(b) After registration by the Comptroller of Public Accounts, delivery of the Certificate shall be made to the Purchaser under and subject to the general supervision and direction of the Mayor or Mayor Pro Tem, against receipt by the City of all amounts due to the City under the terms of sale.

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

ARTICLE VIII

REPRESENTATIONS AND COVENANTS

Section 8.1. Payment of the Certificate.

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

Section 8.2. Other Representations and Covenants.

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

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

ARTICLE IX

PROVISIONS CONCERNING FEDERAL INCOME TAX EXCLUSION

Section 9.1. General Tax Covenants.

The City intends that the interest on the Certificate be excludable from gross income for purposes of federal income taxation pursuant to sections 103 and 141 through 150, inclusive, of the Code. 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 Certificate 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, inclusive, of the Code. In particular, the City covenants and agrees to comply with each requirement of this Article IX; provided, however, that the City will not be required to comply with any particular requirement of this Article IX if the City has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the excludability of interest on the Certificate from gross income for federal income tax purposes or (ii) compliance with some other requirement specified in such Counsel's Opinion will satisfy the applicable requirements of the Code, in which case compliance with such other requirement will constitute compliance with the corresponding requirement specified in this Article IX.

Section 9.2. 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 Certificate is delivered, the proceeds of the Certificate will not be used in a manner that would cause the Certificate to be a “private activity bond” within the meaning of section 141 of the Code. The City covenants and agrees that it will make such use of the proceeds of the Certificate, 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 Certificate will not be a “private activity bond” within the meaning of section 141 of the Code.

Section 9.3. 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 Certificate to be “federally guaranteed” within the meaning of section 149(b) of the Code, except as permitted by section 149(b)(3) of the Code.

Section 9.4. Certificate Is Not A Hedge Bond.

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 Certificate to be a “hedge bond” within the meaning of section 149(g) of the Code.

Section 9.5. 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 Certificate is delivered, the proceeds of the Certificate will not be used in a manner that would cause the Certificate to be an “arbitrage bond” within the meaning of section 148(a) of the Code. Moreover, the City covenants and agrees that it will make such use of the proceeds of the Certificate including interest or other investment income derived from Certificate proceeds, regulate investments of proceeds of the Certificate, and take such other and further action as may be required so that the Certificate will not be an “arbitrage bond” within the meaning of section 148(a) of the Code.

Section 9.6. 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 Certificate (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 Certificate as may be required to calculate the amount earned on the investment of the gross proceeds of the Certificate 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 do not represent gross proceeds of the Certificate 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 Certificate 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 Certificate 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 Certificate 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.

Section 9.7. Information Reporting.

The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the fifteenth day of the second calendar month after the close of the calendar quarter in which the Certificate is issued, an information statement concerning the Certificate, all under and in accordance with section 149(e) of the Code.

Section 9.8. Record Retention.

The City will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Certificate until three (3) years after the Certificate is redeemed or paid at maturity, 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 Certificate by the Internal Revenue Service.

Section 9.9. Registration.

The Certificate will be issued in registered form.

Section 9.10. Deliberate Actions.

The City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Certificate to fail to meet any requirement of section 141 of the Code after the issue date of the Certificate unless an appropriate remedial action is permitted by section 1.141-12 of the Regulations, the City takes such remedial action and the City receives a Counsel's Opinion that such remedial action cures any failure to meet the requirements of section 141 of the Code.

Section 9.11. Continuing Obligation.

Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of this Article IX will survive the defeasance and discharge of the

Certificate for so long as such matters are relevant to the excludability of interest on the Certificate from gross income of interest on the Certificate.

ARTICLE X

QUALIFIED TAX-EXEMPT OBLIGATIONS

Section 10.1. Qualified Tax-Exempt Obligations.

The City hereby designates the Certificate as a “qualified tax-exempt obligation” for purposes of section 265(b) of the Code. In connection therewith, the City represents that (a) the aggregate amount of tax-exempt obligations issued by the City during calendar year 2019, including the Certificate, that have been designated as “qualified tax-exempt obligations” under section 265(b)(3) of the Code does not exceed \$10,000,000, and (b) that the reasonably anticipated amount of tax-exempt obligations that will be issued by the City during calendar year 2019, including the Certificate, will not exceed \$10,000,000. For purposes of this Section, the term “tax-exempt obligation” does not include (i) “private activity bonds” within the meaning of section 141 of the Code, other than “qualified 501(c)(3) bonds” within the meaning of section 145 of the Code or (ii) obligations issued to currently refund any obligation to the extent that the amount of the refunding obligations does not exceed the outstanding amount of the refunded obligation. In addition, for purposes of this Section, the City includes all entities which are aggregated with the City under the Code.

ARTICLE XI

DISCHARGE

Section 11.1. Discharge.

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

ARTICLE XII

MISCELLANEOUS

Section 12.1. Changes to Ordinance.

The City Attorney or 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 Certificate by the Attorney General of the State.

Section 12.2. Related Matters.

To satisfy in a timely manner all of the City’s obligations under this Ordinance, the Mayor, the City Manager, 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.

Section 12.3. 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 Certificate, or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.4. 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.

Section 12.5. Repealer.

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

Section 12.6. 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 AND APPROVED on this 22nd day of January, 2019.

CITY OF JACKSONVILLE, TEXAS

Mayor

ATTEST:

City Secretary

[SEAL]

APPROVED AS TO FORM AND CONTENT:

City Attorney

EXHIBIT A

FORM OF CERTIFICATE

(a) Form of Certificate.
REGISTERED
NO. _____

AMOUNT
\$ _____

United States of America
State of Texas
County of Cherokee

CITY OF JACKSONVILLE, TEXAS
COMBINATION TAX AND REVENUE CERTIFICATE OF OBLIGATION
SERIES 2019

INTEREST RATE:
3.10%

MATURITY DATE:
February 15, 2034

ISSUANCE DATE:
February 13, 2019

The City of Jacksonville (the "City"), in the County of Cherokee, State of Texas, for value received, hereby promises to pay to

ZIONS BANCORPORATION, N.A.

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

FIVE MILLION SEVEN HUNDRED TWENTY-SEVEN THOUSAND DOLLARS

and to pay interest on such principal amount from the later of the Issuance Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing on February 15, 2020.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the corporate trust office of Zions Bancorporation, N.A., Dallas, Texas, or such other location designated by the Paying Agent/Registrar (the "Designated Payment/Transfer Office"), of the Paying Agent/Registrar or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Certificate is payable by check dated as of the interest payment date, and will be mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangement acceptable to the Paying Agent/Registrar and the registered owner; provided, however, such registered owner shall bear all risk and expenses of

such customary banking arrangement. For the purpose of the payment of interest on this Certificate, the registered owner shall be the person in whose name this Certificate is registered at the close of business on the "Record Date," which shall be the last Business Day of the month next preceding such interest payment date. In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the special payment date of the past due interest (the "Special Payment Date," which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last day next preceding the date of mailing of such notice.

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

This Certificate is dated February 1, 2019 and is issued in aggregate principal amount of \$5,727,000 pursuant to a certain ordinance (the "Ordinance") adopted by the City Council of the City for the costs associated with the repair and renovation of, the construction of improvements to and the equipment of the City's System, and (ii) the costs of professional services incurred in connection therewith.

The City has reserved the right to redeem the Certificate before its scheduled maturity date, in whole or from time to time in part, on any date after the Issuance Date, at a redemption price equal to the principal amount thereof plus accrued interest to the date of redemption.

The Certificate is issued as a "Term Certificate" and is subject to mandatory sinking fund redemption prior to scheduled maturity, and will be redeemed by the City, in part at a redemption price equal to the principal amount thereof, without premium, plus interest accrued to the redemption date, on the dates and in the principal amounts shown in the following schedule:

<u>Mandatory Redemption Date</u>	<u>Mandatory Sinking Fund Redemption Payments</u>
February 15, 2020	\$303,000
February 15, 2021	\$315,000
February 15, 2022	\$325,000
February 15, 2023	\$335,000
February 15, 2024	\$346,000
February 15, 2025	\$356,000
February 15, 2026	\$367,000
February 15, 2027	\$379,000
February 15, 2028	\$390,000
February 15, 2029	\$403,000
February 15, 2030	\$415,000
February 15, 2031	\$428,000
February 15, 2032	\$441,000
February 15, 2033	\$455,000
February 15, 2034 (maturity)	\$469,000

Reference is made to the Ordinance for complete details concerning the manner of redeeming this Certificate.

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

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

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

IT IS FURTHER certified, recited and represented that the Surplus Revenues (as defined in the Ordinance) to be derived from the operation of the City's System in the amount of One Thousand Dollars (\$1,000) are to be pledged to the payment of the principal of and interest on the Certificate; provided, however, that such pledge is junior and subordinate in all respects to the pledge of the revenues of the System

to the payment of all outstanding obligations of the City and any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of the Surplus Revenues to the payment of the Certificate. 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 revenues of the System, secured by a pledge of the revenues of the System that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of the Surplus Revenues securing the Certificate.

IN WITNESS WHEREOF, the City has caused this Certificate to be duly executed under its official seal in accordance with law.

City Secretary
City of Jacksonville, Texas

Mayor
City of Jacksonville, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS
THE STATE OF TEXAS

§
§
§

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 OF OFFICE this _____.

[SEAL]

Comptroller of Public Accounts
of the State of Texas

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

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

ZIONS BANCORPORATION, N.A.,
As Paying Agent/Registrar

Date: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee): _____

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

Dated: _____

Signature Guaranteed By:

Authorized Signatory

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

(e) The Initial Certificate shall be in the form set forth in paragraphs (a), (b), (c) and (d) of this Section. The Initial Certificate shall be numbered I-1.