



# Lewisville City Council

The agenda and backup items follow in one continuous document. However, to view documents individually, click on the bookmark tab at the left of the screen. A list of all documents contained in the packet should appear in a screen to the left. If it does not, click on the “Show/Hide Navigation Pane” button in the toolbar at the top of the page.



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**A G E N D A**

**LEWISVILLE CITY COUNCIL MEETING  
JULY 20, 2015**

**LEWISVILLE CITY HALL  
151 WEST CHURCH STREET  
LEWISVILLE, TEXAS 75057**

**WORKSHOP SESSION - 3:30 P.M.  
REGULAR SESSION - 7:00 P.M.**

**(WORKSHOP SESSION WILL RECESS FROM 6:00 P.M. – 6:30 P.M.)**

Call to Order and Announce a Quorum is Present.

**WORKSHOP SESSION - 3:30 P.M.**

- A. Cooksey Report
- B. Charter Review Final Recommendations
- C. GO Bond Program / Utility Fund Capital Plan / Utility Fund Rates
- D. Discussion of Regular Agenda Items and Consent Agenda Items

**REGULAR SESSION - 7:00 P.M.**

- A. **INVOCATION:** Councilman Gilmore
- B. **PLEDGE TO THE AMERICAN AND TEXAS FLAGS:** Mayor Durham
- C. **PRESENTATIONS:**
  - 1. Recognition of Keep Lewisville Beautiful (KLB) as Recipient of the 2015 Governor's Community Achievement Award (GCAA), Presented by Keep Texas Beautiful (KTB).
  - 2. Certificates of Appointment and Oaths-of-Offices to Reappointed and Newly Appointed Members of the City's Boards/Commissions/Committees.

**AGENDA  
LEWISVILLE CITY COUNCIL  
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**D. PUBLIC HEARINGS:**

- 1. Public Hearing: Consideration of a Request to Annex a 0.418 Acre Tract of Land, Generally Located East of Standridge Drive, North of Hebron Parkway, West of Swan Forest Drive and South of Sir Tristram Lane and More Specifically Described in Exhibit “A” of the Petition for Annexation of Lands, at the Request of the Landowner, CH PH 9, LLC.**

**ADMINISTRATIVE COMMENTS:**

On June 30, 2015, CH PH 9, LLC, the owner of approximately 0.418 acres within the extraterritorial jurisdiction of the City, generally located east of Standridge Drive, north of Hebron Parkway, west of Swan Forest Drive and south of Sir Tristram Lane, as more particularly described in Exhibit “A” of the Petition for Annexation of Lands (the “Property”), filed with the City Secretary a petition requesting the Property be annexed by the City. The City is authorized by law to annex the Property but must hold two public hearings regarding annexation prior thereto. This public hearing represents the first of two public hearings necessary before the annexation can be formally approved. Notice for this public hearing has been properly posted.

**RECOMMENDATION:**

That the City Council conduct the first of two public hearings on the proposed annexation.

- 2. Public Hearing: Consideration of a Request to Annex a 0.418 Acre Tract of Land, Generally Located East of Standridge Drive, North of Hebron Parkway, West of Swan Forest Drive and South of Sir Tristram Lane and More Specifically Described in Exhibit “A” of the Petition for Annexation of Lands, at the Request of the Landowner, CH PH 9, LLC.**

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**ADMINISTRATIVE COMMENTS:**

On June 30, 2015, CH PH 9, LLC, the owner of approximately 0.418 acres within the extraterritorial jurisdiction of the City, generally located east of Standridge Drive, north of Hebron Parkway, west of Swan Forest Drive and south of Sir Tristram Lane, as more particularly described in Exhibit “A” of the Petition for Annexation of Lands (the “Property”), filed with the City Secretary a petition requesting the Property be annexed by the City. The City is authorized by law to annex the Property but must hold two public hearings regarding annexation prior thereto. This public hearing represents the second of two public hearings necessary before the annexation can be formally approved. Notice for this public hearing has been properly posted.

**RECOMMENDATION:**

That the City Council conduct the second of two public hearings on the proposed annexation.

3. **Public Hearing: Consideration of an Ordinance Granting a Special Use Permit (SUP) With Two Associated Variances to the Lewisville City Code of Ordinances Including Section 6-123 (d) Interior Landscaping; and Section 6-162 (a)(27) Parking Requirements; for a Self-Storage Facility on a 0.801-Acre Tract of Land; Legally Described as a Portion of Lot 1R-2, Block C of the McGee Addition Phase III, Located in the Southwest Quadrant of McGee Lane and FM 407; and Zoned Light Industrial (LI), as Requested by G&A Consultants, With Permission From McGee Lane Self-Storage, Inc., the Property Owner (Case No. SUP-2015-06-06).**

**ADMINISTRATIVE COMMENTS:**

The SUP request is for a proposed 53,700 square-foot, three story storage facility on a 0.801-acre property, which is currently vacant. The proposed self-storage facility will meet the 80% brick and stone requirement for a gateway. The applicant is also requesting the following two variances to the General Development Ordinance: 1) To waive the required parking lot and interior landscaping requirements; and 2) To reduce the number of required parking spaces. The Planning and Zoning Commission recommended approval of the SUP by a vote of 6-0 at their meeting on June 16, 2015.

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**RECOMMENDATION:**

That the City Council approve the proposed ordinance and requested variances as set forth in the caption above.

**PRESENTATION:** Nika Reinecke, Dir. of Economic Development / Planning  
Randi Rivera, G&A Consultants, Inc.

4. **Public Hearing: Consideration of an Ordinance Granting a Zone Change From Multi-Family Two (MF-2) District to Medical District (MD); on a 7.317-Acre Lot, Legally Described as Lot 1R, Block B, Crossroads Centre South Addition; Located at the Northwest Corner of Windhaven Parkway and Cookie Lane at 2500 Windhaven Parkway, as Requested by Discovery Senior Living, the Property Owner (Case No. PZ-2015-07-10).**

**ADMINISTRATIVE COMMENTS:**

The requested zone change will allow the existing senior independent living facility to move forward with expansion plans for additional independent living units and an assisted living facility on the adjacent 2.782-acre property to the northeast, which is zoned MD. The Planning and Zoning Commission recommended approval of the zone change by a vote of 6-0 at their meeting on July 7, 2015.

**RECOMMENDATION:**

That the City Council approve the proposed ordinance as set forth in the caption above.

**PRESENTATION:** Nika Reinecke, Dir. of Economic Development / Planning  
Nathan Forney, Kimley-Horn, Inc.

5. **Public Hearing: Consideration of an Ordinance Granting a Zone Change From Multi-Family Two (MF-2) District to Townhouse Two Residential (TH-2) District, on a 0.0723-Acre Lot Legally Described as Lot 4, Block B, Greenvalley Addition No. 1, Located on the West Side of Alice Lane, Approximately 75 Feet North of Kathy Lane, as Requested by Agam Patel and Nirupaben Patel, the Property Owners (Case No. PZ-2015-06-08).**

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**ADMINISTRATIVE COMMENTS:**

The requested zone change will provide consistency with the three adjacent, vacant lots to the south and the surrounding neighborhood, which consists primarily of attached townhomes. The applicant, which owns the three lots to the south, plans to construct townhomes on these 4 vacant lots. The Planning and Zoning Commission recommended approval of the zone change by a vote of 6-0 at their meeting on June 16, 2015.

**RECOMMENDATION:**

That the City Council approve the proposed ordinance as set forth in the caption above.

**PRESENTATION:** Nika Reinecke, Dir. of Economic Development / Planning  
Agam Patel, Property Owner

- 6. Public Hearing: Consideration of an Ordinance Granting a Zone Change From Old Town Mixed Use 2 (OTMU2) District to Parking District (PK); on a 0.403-Acre Lot, Legally Described as Lot 9R, Block 22 of the Kealy Addition, Located on the North Side of E. Main Street, West of Railroad Street, at 541 East Main Street, as Requested by Alex Paint and Body, LLC, the Property Owner (Case No. PZ-2015-06-09).**

**ADMINISTRATIVE COMMENTS:**

The applicant originally requested the zone change from OTMU2 to PK to allow construction of a parking lot for customer and employee parking associated with the paint and body shop business, which is located on the adjacent lot to the east. The Planning and Zoning Commission recommended denial of the zone change by a vote of 4-2 at their meeting on June 16, 2015. On July 15, 2015, the applicant submitted a letter requesting that the zone change application be withdrawn.

**RECOMMENDATION:**

That the City Council accept the applicant's request to withdraw the zone change application from Old Town Mixed Use 2 (OTMU2) to Parking District (PK).

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- E. **VISITORS/CITIZENS FORUM:** At this time, any person with business before the Council not scheduled on the agenda may speak to the Council. No formal action can be taken on these items at this meeting.
- F. **CONSENT AGENDA:** All of the following items on the Consent Agenda are considered to be self-explanatory by the Council and will be enacted with one motion. There will be no separate discussion of these items unless a Council Member or citizen so request. For a citizen to request removal of an item, a speaker card must be filled out and submitted to the City Secretary.
7. **APPROVAL OF MINUTES:** **City Council Minutes of the July 6, 2015, Workshop Session and Regular Session.**
8. **Approval of an Amendment to a Project Utility Adjustment Agreement With AGL Constructors, the Design Build Developer for I-35E Managed Lanes Project, Related to Funding and Construction of Utility Adjustments Along I-35E in Lewisville; and Authorization for the City Manager to Execute the Agreement.**

**ADMINISTRATIVE COMMENTS:**

In November, 2013, the City Council approved a Project Utility Adjustment Agreement (PUAA) with AGL Constructors, the design build developer for the I-35E Managed Lanes Project to relocate utilities along I-35E in Lewisville in preparation for the Phase 1, Managed Lanes Project from LBJ Freeway in Farmers Branch to Hwy. 380 in Denton. The original agreement covered utility relocations north of Grandy's Lane and included a number of betterments requested by the City of Lewisville. The original agreement split out the costs of the base utility relocations and the betterments. In addition to the PUAA, Council approved a supplemental appropriation in the amount of \$1,596,936 to fund the requested betterments. Amendment 001 covers additional utilities that require relocation south of Grandy's Lane. The original agreement along with the amendment defines AGL and City responsibilities with regard to construction and funding of the proposed utility relocations, adjustments and upgrades and must be executed before new utility construction can proceed. The City of Lewisville is not requesting any betterments related to the additional utility relocations south of Grandy's Lane, thus there will be no additional cost to the City as a result of the amendment.

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**RECOMMENDATION:**

That the City Council approve the agreement as set forth in the caption above.

- 9. Approval of an Agreement for Ad Valorem Tax Billing and Collection Between the City of Lewisville and Denton County for Fiscal Year 2015-16; and Authorization for the City Manager to Execute the Agreement.**

**ADMINISTRATIVE COMMENTS:**

In Fiscal Year 1997-98, the City entered into an agreement with the Denton County Tax Assessor-Collector to bill and collect City ad valorem taxes. Services provided have been satisfactory and reliable. The contract rate per parcel will be \$0.69, the same rate as last year. Funding to cover this expenditure is proposed in the Finance Department General Fund 2015-16 budget.

**RECOMMENDATION:**

That the City Council approve the agreement as set forth in the caption above.

- 10. Approval of a Resolution Accepting the Fiscal Year 2016 Financial Plan of the Denco 9-1-1 District.**

**ADMINISTRATIVE COMMENTS:**

At their June 11, 2015 meeting, the Denco Area 9-1-1 District Board of Managers unanimously approved the FY 2016 draft financial plan. Pursuant to Section 772.309 of the Texas Health and Safety Code, Denco Area 9-1-1 is required to provide a draft of its annual financial plan to all participating jurisdictions soliciting comments. Response is requested prior to August 14, 2015. The District Board of Managers at their regular meeting on September 10, 2015 will consider any responses on the draft budget and final approval of the 2016 financial plan. The plan provides for operations and services at the same rate that has been collected from district residents since Denco's inception in 1987.

**RECOMMENDATION:**

That the City Council approve the resolution as set forth in the caption above.

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**G. REGULAR HEARINGS:**

- 11. Consideration of a Variance to Lewisville City Code, Section 2-201, Fee Schedule, Regarding Waiving the Adoption Fee for the Upcoming “Clear the Shelter” Adoption Event to be Held Conjointly With Multiple Participating City Shelters and Other Animal Organizations Throughout Texas and the United States on August 15, 2015.**

**ADMINISTRATIVE COMMENTS:**

Last year the City of Lewisville Animal Adoption Center and 33 other Shelters in the Dallas-Fort Metroplex participated in the Inaugural “Empty the Shelter” Campaign on Saturday, August 15, 2014. Last year, 2,213 animals were adopted on that day. This year, all shelters across the United States are being asked to participate in the NBC/ Telemundo Sponsored Event. The event, which has been re-named “Clear the Shelter” is scheduled to take place this year on August 15, 2015. The shelters choosing to participate must again be in agreement with the following two requirements: 1) to waive the applicable City adoption fee during the event; and 2) participating cities must be agreeable to partnering with the NBC’s promotional team in order to use similar announcements to help publicize the event.

**RECOMMENDATION:**

That the City Council approve the variance as set forth in the caption above.

- 12. Consideration of a Variance to Lewisville City Code, Section 2-201, Fee Schedule, Regarding Waiving the Deposit and Fees for Use of the Community Room at the Municipal Annex for the US Army Reserves for the Memorial Service of Sergeant Colby Bozo on August 16, 2015.**

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**ADMINISTRATIVE COMMENTS:**

City staff was recently contacted by the Army Reserve Family Program Office regarding the use of a City facility to hold a Memorial Service for Sergeant Colby Bozo. Sergeant Bozo was based out of a Reserve Unit that is stationed in Lewisville and had tours in Iraq and Afghanistan. Sergeant Bozo was killed in a vehicle accident on June 25, 2015. His pregnant wife, Kristen, was seriously injured and their baby was born premature due to this accident. The unit would like to hold a Memorial Service in Lewisville for members of the Reserve Unit as well as his wife and family members. Due to her injuries, she was unable to attend his funeral services. Staff is requesting that the City Council consider waiving the deposit of \$300 along with the five hour rental fee of \$250 for the Community Room on August 16, 2015. The Unit does intend to conduct a 21 Gun Salute at the service and are currently working with the Police Department.

**RECOMMENDATION:**

That the City Council consider the variance as set forth in the caption above.

- 13. Consideration of an Ordinance Authorizing the Issuance and Sale of City of Lewisville, Texas, General Obligation Refunding Bonds, Series 2015; Levying a Tax in Payment Thereof; Authorizing the Execution and Delivery of a Bond Purchase Agreement, A Paying Agent/Registrar Agreement and an Escrow Agreement; Calling Certain Bonds for Redemption; Approving the Official Statement; and Enacting Other Provisions Relating Thereto.**

**ADMINISTRATIVE COMMENTS:**

The issuance of approximately \$23,015,000 of City of Lewisville, Texas, General Obligation Refunding Bonds, Series 2015 will provide funds for refunding the City's Series 2005 General Obligation Refunding and Improvement Bonds, Series 2006 General Obligation Bonds, and a portion of Series 2007 General Obligation Refunding and Improvement Bonds, 2007A Combination Tax and Revenue Certificates of Obligation and 2007B Combination Tax and Revenue Certificates of Obligation and costs associated with the issuance of the bonds.

**RECOMMENDATION:**

That the City Council approve the ordinance as set forth in the caption above.

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**PRESENTATION:** Boyd London and Jason Hughes  
First Southwest Company

- 14. Consideration of an Ordinance Authorizing the Issuance and Sale of City of Lewisville, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015; Providing for the Security for and Payment of Said Bonds; Authorizing the Execution and Delivery of a Bond Purchase Agreement, A Paying Agent/Registrar Agreement and an Escrow Agreement; Calling Certain Outstanding Bonds for Redemption; Approving the Official Statement; and Enacting Other Provisions Relating Thereto.**

**ADMINISTRATIVE COMMENTS:**

The issuance of approximately \$12,105,000 of City of Lewisville, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015 will provide funds for refunding the remaining portion of the City's Series 2005 and 2006 Revenue Bonds, new funding of \$8,050,000 for constructing, acquiring and installing improvements, additions, and extensions to the City's waterworks and sewer system and costs associated with the issuance of the bonds.

**RECOMMENDATION:**

That the City Council approve the ordinance as set forth in the caption above.

**PRESENTATION:** Boyd London and Jason Hughes  
First Southwest Company

- H. **REPORTS:** Reports about items of community interest regarding which no action will be taken.

- ◆ City of Lewisville Comprehensive Medical Plan Report
- ◆ Second Quarter 2015 Boards/Commissions/Committees Attendance Reports

**AGENDA  
LEWISVILLE CITY COUNCIL  
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- I. **CLOSED SESSION:** In Accordance with Texas Government Code, Subchapter D,
1. Section 551.071 (Consultation with Attorney): Legal Issues Related to the Construction of the Old Town Park Plaza
  2. Section 551.071 (Consultation with Attorney/Pending Litigation): *City of Lewisville v. City of Farmers Branch and Camelot Landfill TX, LP*, Cause No.4:12-CV-00782, United States District Court for the Eastern District of Texas, Sherman Division; Texas Commission on Environmental Quality Modification to Municipal Solid Waste Permit No. 1312A; and Texas Commission on Environmental Quality Application to Obtain Municipal Solid Waste Permit Amendment - Permit No. 1312B
  3. Section 551.072 (Real Estate): Property Acquisition
  4. Section 551.087 (Economic Development): Deliberation Regarding Economic Development Negotiations
- J. **RECONVENE** into Regular Session and Consider Action, if Any, on Items Discussed in Closed Session.
- K. **ADJOURNMENT**

The City Council reserves the right to adjourn into closed session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by Texas Government Code Section 551.071 (Consultation with Attorney), 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 (Economic Development).

City Council Meeting  
**Report on Lewisville's  
Communications/Marketing Audit  
and Brand Assessment**

Cooksey Communications  
Monday, July 20, 2015

# Key Takeaways

- Audit process: an initiative for meaningful change
- Lewisville is doing many things well
- Good stories to tell, growing opportunities
- Key gaps need to be filled
  - Greatest need: more resources for internal & external
  - Another need: strategic, high-impact initiatives
  - Your visual brand identity is not holding you back
  - Your brand is still a relatively untapped opportunity

# Key Takeaways

- Timely opportunities = imperative to change now
- Many “A” priorities for the next year
- Improvements will make a difference

# Charge to the Consultant

- Review existing communications/marketing materials, processes, practices, funding
- Identify opportunities, needs
- Assess visual brand (logo/tagline) effectiveness, continued applicability
- Develop, prioritize strategic recommendations
- Elevate City communications, marketing and branding to better engage all key audiences and inform them about Lewisville 2025

# Plan Development Process

- Mayor/City Council interviews
- Meetings with City Manager, Community Relations & Tourism Director and staff
- Internal and external stakeholder interviews
- Approximately 30 interviews/focus groups
- Extensive review of City communications materials and processes
- Comparable city research, evaluation
- Attendance at City events, meetings

# Situational Analysis - Positives

- Good stories to tell, amenities to tout
  - Forward-looking Lewisville 2025 Plan
  - Expansive parks and green spaces
  - Old Town with character, revitalization underway
  - Distinctive community festivals and events
  - Convenient location, robust transp. infrastructure
  - ED successes, future opportunities
  - Cultural assets such as MCL Grand, arts groups
  - Government recognized as efficient, effective
  - Lots of good news on the near-term horizon

# Situational Analysis - Positives

- Strong resources in place
  - City management
  - Community Relations & Tourism team
  - Long-tenured staff, leadership in other departments
  - City Council and Lewisville 2025 Plan that recognize communications and marketing is a priority
- Low-hanging opportunities imminent/untapped
  - Visual brand identity never fully/formally rolled out
  - I-35E enhancements coming soon
  - DCTA “A-train” three stations operational
  - LLELA/Nature Center, digital/social media, internal communications, and many more...

# Situational Analysis - Challenges

## ■ Resource Constraints

- Lewisville well-known, highly regarded for low tax rate, efficient municipal government
- Communications/marketing team significantly smaller than those of many peer cities
- No staff dedicated to internal communications, little bandwidth for proactive PR and other key strategies
- Due to economic downturn, visual brand identity never fully/formally rolled out
- Both a negative and a positive: by applying more resources, can quickly make a big difference

# Situational Analysis - Challenges

- External challenges, community issues
  - Competition for top-of-mind awareness
  - Audiences want communications via every channel
  - Geographic divisions – East/West, North/South
  - Lingering negative perceptions in large part due to city's age, nearby cities with newer/hipper amenities
  - Larger transient/multifamily population
  - Success stories not yet fully ripe
    - I-35E construction, Old Town revitalization, LLELA/nature center/trails, development around rail stations/lake

# Situational Analysis – Opportunities for Improvement

- Consistency in use of key messages, brand
  - Economic development website/ad, City venues, materials in racks, etc.
- Legacy branding = confusion, lack of awareness/understanding
  - Gateway signs, water towers, etc.
- Staff stretched thin = focused on what's important today, not always able to be strategic
- Need to emphasize what's most important
  - Lewisville 2025 vision plan
  - Showcase events such as “State of the City”

# Situational Analysis – Opportunities for Improvement

- Internal audiences feel ill-informed about communications procedures, key messages
- Relative lack of proactive, positive media coverage on big issues/initiatives/successes including economic development
- Apartment dwellers hard to reach, hungry for info
- Website needs enhancements to functionality/navigability, especially in key areas
  - LLELA, library
  - Online utility bill payments
  - Drilling down to most important info about Lewisville 2025

# Target Audiences

- Residents
- Homeowners/neighborhood associations
- City staff, Councilmembers
- Civic groups, community organizations
- Lewisville businesses, employees
- Prospective businesses, residents
- Tourists/visitors (actual, prospective)
- Media (primarily in DFW, also beyond)
- County, state, federal elected officials
- Surrounding municipalities
- Professional organizations, regional groups

# Key Messages

- Lewisville is/has:
  - Exceptional green spaces (e.g., LLELA/nature center, Lewisville Lake)
  - Growing/redeveloping Old Town
  - Great residential value with low/stable tax rate, superior services, strong schools, modest crime rate
  - Distinctive, family-friendly festivals and events
  - Great place to do business
  - Outstanding infrastructure – highways, A-train stations
  - Convenient location to major metro amenities – DFW Airport, Dallas, Denton
  - Retains small-town charm, hometown feel

# Strategic Recommendations

Four overarching communications objectives:

1. Improve communications structures and processes to drive efficient resource use, effective message delivery
2. Enhance internal communications to support external messaging
3. Elevate external communications/marketing programs, materials
4. Re-launch, consistently apply visual brand identity

*Numerous recommendations – some higher priority than others*

# Near-Term Recommendations: Structures/Processes

- Enable Director to function as a director: enhance Community Relations & Tourism staffing
- Greatest needs:
  - Communications / Public Info Coordinator
    - Content development for all communications channels
    - Day-to-day PIO, and other functions as needed
  - Internal Communications program
- Themed editorial calendar of monthly communications
  - Lewisville 2025 Big Moves, Council goals, events
  - All communications (internal, external) should reinforce monthly themes consistently

# Near-Term Recommendations: Internal Communications

- Dedicated staff member focused on this
  - One of the city's greatest needs
  - May not require hiring additional staff
- Creation of internal communications materials, events to engage all employees
- Key message document (or “Wow” card)
- Quarterly City Council work session updates (printed or live) on communications/branding progress

# Near-Term Recommendations: External Communications

- City-hosted State of the City event annually
- Dallas Business Journal advertorial supplement
- Lewisville 2025 annual status report/brochure
- Printed bi-monthly Horizon newsletter mailed to all residential addresses including apartments and Castle Hills neighborhoods
- Website enhancements for LLELA, library, ED, utility bill payments, Lewisville 2025 updates
- External resource for proactive PR, especially for ED, special events, Big Move milestones

# Near-Term Recommendations: External Communications

- Old Town visitor info displays
- Direct mail postcards to residents
- Coffee with the Council events
- External communications aligned with editorial calendar's monthly themes
- Castle Hills open house to create linkages
- Consistent use of electronic signs at facilities, including branding message where appropriate
- Expanded use of Twitter as a news-delivery tool

# Near-Term Recommendations: Branding

- Keep the existing visual brand (logo/tagline)
- Formally introduce/launch the brand through a series of activities and channels
  - Launch platform: State of the City
  - Multi-platform brand launch plan would need to be developed
  - Explicitly link the brand launch to the Lewisville 2025 vision plan and Big Moves



# Near-Term Recommendations: Branding

- Apply brand consistently, everywhere
  - Water towers (potential compromise for I-35E tower)
  - Gateway signage and median kiosk signs
  - City venues (MCL Grand) and their websites
  - On all materials (printed and digital), vehicles, etc.
- Support brand through other creative initiatives
  - Public art placement or another Old Town centerpiece
- Incorporate general brand messaging into digital signs, newsletter, other existing channels
  - Example: digital billboards on I-35E and SH-121

# Long-Term Recommendations

- Various strategies to address four key objectives
- Include such new initiatives as:
  - Signature “Green” event such as a run, triathlon, etc.
  - Coordinate with DCTA on promotional events/activities
  - City-organized Old Town walking tours (also as a free podcast)
  - Horizon redesign to include recurring section highlighting Lewisville 2025 accomplishments and upcoming projects
  - Press/public events to highlight major Lewisville 2025 milestones, such as LLELA/ nature center, Plaza opening, etc.
- Some of the recommendations identified for near-term implementation could be delayed
  - Subject to resources/bandwidth/timing

# Measurement and Implementation

- Benchmarks are needed to evaluate success of plan implementation, such as resident survey
- Implementation of strategies is itself one measure of success
- Resident survey can be used as a gauge of effectiveness for some key strategies
- Not all recommendations can be implemented immediately – prioritization is essential

# Budgetary Implications

- Implementation of the recommended strategies will require additional resources
- Cost is fairly minor for some recommendations, pretty substantial for others; potential for an immediate positive impact on the overall mission should be a big part of the funding decision
- Many recommendations will require ongoing funding, and some will need programmed spending increases to maintain momentum
- See budgetary implications section of plan for projects costs of short-term recommendations

# Next Steps

- Continue assessment of budgetary implications, potential resource shifts
- Based on resource assessments, adjust near-term priority strategies as needed
- Map out specific plan for implementation over next 6-12 months
- Plan on assessing progress on a regular basis to make adjustments as needed

# Key Takeaways

- Lewisville is doing many things well
- Good stories to tell, growing opportunities
- Key gaps need to be filled
  - Greatest need: more resources for internal & external
  - Another need: strategic, high-impact initiatives
  - Your visual brand identity is not holding you back
  - Your brand is still a relatively untapped opportunity
- Timely opportunities = imperative to change now
- Many “A” priorities for the next year
- Improvements will make a difference

City Council Meeting  
**Enhancing Lewisville's  
Communications/Marketing  
Program and Brand Visibility**

Monday, July 20, 2015



# 2015 Charter Review Commission Recommendations



## Process

- Section 11.22 of Charter requires a Commission be appointed every 5 years
  - Term of Office for Commission is 6 months
  - Commission to serve January 2015 through June 2015
- Three issues requested for review by City Council members:
  - City Council Pay
  - Allowing City Council members to be on City Health Plan
  - Impact of Population Increases on Governing Body Size, Method of Election and Related Issues
- Staff also presented 2009-10 Commission recommendations for which election was not called previously



## Filling City Council Vacancy (Requested by Mayor Rudy Durham)

- In 2013 the Texas Constitution was changed to authorize home-rule municipalities to have a procedure to fill a vacancy on the governing body for which the vacancy is 12 months or less if approved by voters as a charter amendment.
  - Prior to this constitutional change, cities with terms in excess of two years could not have such a charter provision.
  - The Charter Review Commission did not discuss this change during the 6 month period for which they were appointed
  - Mayor Durham is now asking City Council to consider this change.

## Section 3.06 - Vacancies

- All vacancies shall be determined and filled in accordance with the constitution and laws of the State of Texas, as they now exist or may hereafter be amended. Any vacancy occurring for which the unexpired term is twelve (12) months or less shall be filled within thirty days of the occurrence of the vacancy by appointment of a majority vote of the remaining five (5) councilmen mentioned under section 3.01 above. Any vacancy for which the unexpired term is for more than twelve (12) months must be filled by a majority of the qualified voters voting in a special election called for such purpose in accordance with the Texas State Constitution. All vacancies filled by appointment or election shall be for the remainder of the unexpired term of the office so filled.
- All vacancies shall be determined and filled in accordance with the constitution and laws of the State of Texas, as they now exist or may hereafter be amended. Any vacancy occurring for which the unexpired term is twelve (12) months or less shall be filled within thirty days of the occurrence of the vacancy by appointment of a majority vote of the remaining five (5) councilmen mentioned under section 3.01 above. Any vacancy for which the unexpired term is for more than twelve (12) months must be filled by a majority of the qualified voters voting in a special election called for such purpose in accordance with the Texas State Constitution. All vacancies filled by appointment or election shall be for the remainder of the unexpired term of the office so filled.



# 2015 Charter Review Commission Recommendations



## Compensation of City Council members

- Recommendation: Revise Section 3.04 to increase compensation of the Mayor to \$175 per meeting and City Council members to \$125 per meeting; the Commission was opposed to inclusion of a methodology that would automatically increase pay based on some type of established formula.
- Reason: Compensation was set at \$50.00 per meeting in 2004 with no methodology for increasing pay over time. Commission recommended that pay be reviewed every five years with required charter review.

# Average MONTHLY PAY COMPARISON

City	Mayor	Council
Allen	\$625.00	\$375.00
Arlington	\$250.00	\$200.00
Carrollton	\$375.00	\$200.00
Dallas	\$6,666.67	\$5,000.00
Fort Worth	\$2,416.67	\$2,083.33
Frisco	\$760.00	\$600.00
Garland	\$600.00	\$400.00
Grand Prairie	\$100.00	\$25.00
Grapevine	\$410.61	\$212.75
Irving	\$1,200.00	\$900.00
Mesquite	\$100.00	\$50.00
McKinney	\$100.00	\$100.00
Plano	\$1,400.00	\$1,000.00
Richardson	\$100.00	\$100.00
<b>MONTHLY AVERAGE</b>	<b>\$1,078.85</b>	<b>\$803.29</b>
<b>Lewisville (current)</b>	<b>\$100.00</b>	<b>\$100.00</b>
% Difference	978.85% below market	703.29% below market
<b>Charter Recommendation</b>	<b>\$350.00</b>	<b>\$250</b>
% Difference	250% below market	150% below market



## Participation in City's Health Plan

- **Recommendation:** Extend clinic visits to City of Lewisville City Council members only (does not include spouse and dependents) at no cost as permitted by law.
- **Reason:** No benefits are currently provided to City Council members. Out of the 17 survey city comparison, only three cities allow city council members to be on the health plan. The Commission recommended against providing health insurance benefits to City Council members.
- City Council members may utilize the Employee Clinic

## Section 3.04 Compensation

- The mayor of the city council of Lewisville shall receive \$175.00 for each meeting and members of the city council of Lewisville shall each receive compensation in the sum of ~~\$50.00-\$125.00~~ for each meeting of the city council which they attend; they shall also be entitled to reimbursement of and for necessary expenses incurred in the performance of their official duties, when approved by the council; they shall also be allowed to utilize the employee clinic at no cost as allowed by law. Dependents of the city council are not allowed to utilize the employee clinic.
- The mayor of the city council of Lewisville shall receive \$175.00 for each meeting and the members of the city council of Lewisville shall each receive compensation in the sum of \$125.00 for each meeting of the city council which they attend; they shall also be entitled to reimbursement of and for necessary expenses incurred in the performance of their official duties, when approved by the council; they shall also be allowed to utilize the employee clinic at no cost as allowed by law. Dependents of the city council are not allowed to utilize the employee clinic.



## Impact of Population Increases on Governing Body Size, Method of Election and Related Issues

- **Recommendation:** That the City Council consider structure of governance prior to any annexation of water districts within our ETJ.
- **Reason:** The timeframe for annexation of the DCFWS districts is unknown at this time.



## Section 3.07 Powers of the City Council

Recommendation: Delete clauses in section 3.07, subsection b and subsection s.

**Reason:** Subsection b contains a clause which gives the City Council the power to distribute work of divisions within the City but the City Manager, as the chief administrative officer of the City, is responsible for the distribution of work.

Subsection s contains a clause which requires a bond of all contractors, yet, in practice, such a bond is not always necessary of all contractors. Whether a bond is required depends on the specific project at issue.



## Section 3.07 Powers of the City Council

- All powers of the city, and the determination of all matters of policy, shall be vested in the city council. Without limitation of the foregoing, and among the other powers that may be exercised by the city council, the following are hereby enumerated for greater certainty:
  - ~~b. Establish, create, consolidate, or abolish, administrative departments and distribute the work of divisions.~~
  - ~~s. To require bonds, both special and general, of all contractors and others constructing or building for the city, and set up standards, rules and regulations therefore.~~



## Section 3.07 Powers of the City Council

- All powers of the city, and the determination of all matters of policy, shall be vested in the city council. Without limitation of the foregoing, and among the other powers that may be exercised by the city council, the following are hereby enumerated for greater certainty:
  - a. Appoint and remove a city manager as hereinafter provided.
  - b. Adopt the budget of the city.
  - c. Authorize the issuance and sale of bonds, by a bond ordinance.
  - d. Inquire into the conduct of any office, department or agency of the city and make investigations as to municipal affairs. To name and designate an "official newspaper" for the City of Lewisville, Texas.
  - e. Provide for such additional boards and commissions, not otherwise provided for in this charter, as may be deemed necessary, and appoint the members of all such boards and commissions. Such boards and commissions shall have all powers and duties now or hereafter conferred and created by this charter, by city ordinance, or by law.
  - f. Adopt and modify the zoning plan, and a building code, including electrical and plumbing codes, of and for the city; and to require building permits.
  - g. Adopt and modify the official map of the city. (The official map is, and shall be maintained by the city secretary, in the city hall in Lewisville, Texas.)



## Section 3.07 Powers of the City Council

- h. Adopt, modify and carry out plans proposed by the city planning commission, for the clearance of slum districts and rehabilitation of blighted areas.
- i. Adopt, modify and carry out plans proposed by the city planning commission for the replanning, improvement and redevelopment of any area or district which may have been destroyed in whole, or in part, by disaster.
- j. Regulate, license and fix the charges or fares made by any person, firm or corporation owning, operating or controlling any vehicle of any character used for the carrying of passengers for hire or the transportation of freight for hire on the public streets and alleys of the city.
- k. Provide for the establishment and designation of fire limits, and prescribe the kind and character of buildings or structures or improvements to be erected therein; and provide for the erection of fireproof buildings within said limits; and provide for the condemnation of dangerous structures or buildings or dilapidated buildings, or buildings calculated to increase the fire hazard, and prescribe the manner of their removal or destruction, within said limits.
- l. Fix the salaries and compensation of the city officers and employees, to set up qualifications, rules, and standards of and for employees of the city.
- m. Provide for a sanitary sewer and water system, and require property owners to connect their premises with sewer system, and provide for penalties for failure to make sanitary sewer connections.
- n. Provide for sanitary garbage disposal, and set fees and charges therefor, and provide penalties for failure to pay such fees and charges. To define nuisances; and, to prohibit same; and provide penalties for violations.



## Section 3.07 Powers of the City Council

- o. Provide for all necessary public utilities and set fees and charges therefor and provide penalties for misuses of same.
- p. Exercise exclusive dominion, control and jurisdiction, (including the right to close and abandon streets and alleys), in, upon, over and under, the public streets, avenues, sidewalks, alleys, highways, boulevards and public grounds of the city; and, provide for the improvement of same, as provided in Article 1105b, Chapter 9, Title 28, of the Revised Civil Statutes of the State of Texas of 1925, as now, or hereafter amended.
- q. Compromise and settle any and all claims, demands, and lawsuits, of every kind and character, in favor of, or against, the City of Lewisville.
- r. To pass ordinances defining and prohibiting misdemeanors and vagrancy; and, provide penalties for violations.
- s. To provide and/or arrange for any and all "civil defense measures" and "public shelter measures" for the City of Lewisville, Texas, and for the citizens thereof, deemed necessary for public welfare.
- t. To exercise, or delegate to the mayor, extraordinary and total executive powers, (on a temporary basis), during the existence and duration of any major public disaster, for the public welfare.



## Section 3.12 Official Bonds for City Employees

Recommendation: Delete section 3.12 in its entirety.

**Reason:** Official bonds for the city manager, the city secretary or any other city employee are not required by law, and the finance director for the city is bonded.



## Section 3.12 Official Bonds for City Employees

- ~~The city manager and the city secretary and such other city officers and employees as the city council may require shall before entering upon the duties of their office, enter into a good and sufficient fidelity bond in a sum to be determined by the city council payable to the City of Lewisville, and conditioned upon the faithful discharge of the duties of such persons, and upon faithful accounting for all monies, credits and things of value coming into the hands of such persons, and such bonds, shall be signed as surety by some company authorized to do business under the laws of the State of Texas; and, the premium of such bonds shall be paid by the City of Lewisville; and, such bonds must be acceptable to the city council. Such bond shall be maintained in full force and effect at all times during such person's tenure of office.~~



## Section 5.07 Conducting and Canvassing Elections

Recommendation: Delete last sentence in section 5.07.

**Reason:** State law sets the specific dates for canvassing elections, which override the city charter.

## Section 5.07 Conducting and Canvassing Elections

- The election judges and other necessary election officials for conducting all such elections shall be appointed by the city council. The election judges shall conduct the elections, determine, record and report the results as provided by the general election laws of Texas. ~~Within five (5) days or as soon as practical after an election, the city council shall meet, open the returns, canvass and officially declare the result of the election as to candidates and questions, and issue certificates of election to candidates elected, as hereinbefore provided.~~
- The election judges and other necessary election officials for conducting all such elections shall be appointed by the city council. The election judges shall conduct the elections, determine, record and report the results as provided by the general election laws of Texas.



## Section 8.02 Development of Property

Recommendation: Approve new wording of Section 8.02.  
Development of property

**Reason:** State law addresses the expenditure of public funds for private development



## Section 8.02 Development of Property

- **Section 8.02. Development of property.** The city council ~~shall~~ may cooperate with persons interested in the development of property within, or beyond, the city limits. No expenditure of public funds, however, shall be authorized if said expenditure for the development of privately owned subdivisions, situated within or beyond the corporate limits of the city' except (where feasible for the city) for the extension of utilities or services to such areas is in violation of state law.
- **Section 8.02. Development of property.** The city council may cooperate with persons interested in the development of property within, or beyond, the city limits. No expenditure of public funds, however, shall be authorized if said expenditure is in violation of state law.



## Section 9.02 Preparation and Submission of Budget

**Recommendation:** Delete the clause in section 9.02 that sets forth the time frame for the submission of the budget.

**Reason:** State law addresses the timing of the budget.



## Section 9.02 Preparation and Submission of Budget

- The city manager shall, ~~between 60 and 90 days prior to beginning of each fiscal year,~~ submit to the council a proposed budget, which shall provide a complete financial plan for the fiscal year ...
- The city manager shall submit to the council a proposed budget, which shall provide a complete financial plan for the fiscal year ...



## Section 9.06 Notice of Public Hearing on Budget

**Recommendation:** Delete section 9.06 in its entirety.

**Reason:** State law sets forth the requirements for public hearings on the budget.

## Section 9.06 Notice of Public Hearing on Budget

- ~~• At the meeting of the city council at which the budget is submitted, the city council shall fix the time and place of the public hearing on the budget. The public hearing on the proposed budget shall be set for a date occurring after the 15<sup>th</sup> day after the budget is filed with the municipal clerk, but before the governing body makes its tax levy, and, the city council shall cause to be published in the official newspaper of the City of Lewisville, a notice of the hearing setting forth the time and place thereof at least five days before the date of such hearing.~~



## Section 9.07 Public Hearing on Budget

**Recommendation:** Delete section 9.07 in its entirety.

**Reason:** State law sets forth the requirements for public hearings on the budget.

## Section 9.07 Public Hearing on Budget

- ~~At the time and place set forth in the notice required by section 9.06, or at any time and place to which such public hearing shall from time to time be adjourned, the city council shall hold a public hearing on the budget submitted and all interested persons shall be given an opportunity to be heard for or against any item or the amount of any item therein contained.~~



## Section 9.14 Contingent Appropriation

**Recommendation:** Delete section 9.14 in its entirety.

**Reason:** This contingency appropriation is unnecessary because expenditure of these funds would require city council approval. Therefore, it is more efficient to request an emergency appropriation from the city council when an emergency actually exists. Staff has historically budgeted \$100 to meet the requirement of this section.

## Section 9.14 Contingent Appropriation

- ~~• Provision shall be made in the annual budget and in the appropriation ordinance for a contingent appropriation in an amount not more than three (3) percent of the total budget, to be used in case of unforeseen items of expenditure. Such contingent appropriation shall be under the control of the city manager and distributed by him, after approval of the city council. Expenditures from this appropriation shall be made only in case of established emergencies and a detailed account of such expenditures shall be recorded and reported.~~



## Section 9.24 Taxes; when due and payable

Recommendation: Delete the clause in section 9.24 which refers to the office of the city assessor collector.

**Reason:** The City no longer has an office of the city assessor collector, and those activities are performed by the Denton County Appraisal District and the Denton County Tax Collector.

## Section 9.24 Taxes; when due and payable

- All taxes due the City of Lewisville ~~shall be payable at the office of the city assessor-collector, and~~ may be paid at any time after the tax rolls for the year have been completed and approved, which shall not be later than October 1st. Taxes shall be paid before February 1st, and all such taxes not paid prior to such date shall be deemed delinquent and shall be subject to such penalty, interest and other collection costs as provided by the Texas Tax Code, Section 33.01 et seq., as it now exists or may hereafter be amended.
- All taxes due the City of Lewisville may be paid at any time after the tax rolls for the year have been completed and approved, which shall not be later than October 1st. Taxes shall be paid before February 1st, and all such taxes not paid prior to such date shall be deemed delinquent and shall be subject to such penalty, interest and other collection costs as provided by the Texas Tax Code, Section 33.01 et seq., as it now exists or may hereafter be amended.

## Section 8.04 Planning commission membership

**Recommendation:** Remove the requirement that a member of the Planning and Zoning Commission (P&Z) own real property within the City of Lewisville

Reason: Limits the ability of otherwise qualified residents to serve on the P&Z



## Section 8.04 Planning commission membership

- The city council shall appoint a city planning commission of seven (7) members who shall be residents of the city ~~and own real property therein~~ who shall serve without compensation.
- The city council shall appoint a city planning commission of seven (7) members who shall be residents of the city who shall serve without compensation.

# Election Timing

- **Elections must be held on one of two uniform election dates:**
  - **Second Saturday in May**
  - **First Tuesday after first Monday in November**
- **If City Council desires to hold election November 3, 2015**
  - **August 17** Recommended date to approve ordinance calling special election
  - **August 24** Last day to call Election
- **If City Council desires to hold election May 14 , 2016**
  - **February 1** Recommended date to approve ordinance calling special election
  - **February 26** Last day to call Election

PROPOSED GENERAL  
OBLIGATION BOND ELECTION  
AND REVENUE BOND  
PROGRAM

2

# GO Bonds

# GO Bond Projects—Blue Ribbon Recommendation

3

<u>Type</u>	<u>Rounded Amount</u>
▣ Streets	\$ 71,600,000
▣ Public Safety	\$ 14,600,000
▣ Parks and Recreation	<u>\$ 31,500,000</u>
▣ Total	\$117,700,000

# GO Bond Project Recap

## Streets (\$71,600,000)

4

Staff Recommended Ranking	Committee Recommended Ranking	Name of Project	Cost
1	1	Timberbrook Subdivision	\$8,770,000
2	2	South Kealy Avenue (Match)	\$465,000
3	13	Holford's Prairie Rd (Match)	\$2,015,000
4	5	Corporate Drive (Match)	\$7,690,000
5	10	College Street (Match)	\$1,170,000
6	3	Mill St at 121	\$2,960,000
7	7	Civic Circle	\$1,150,000
8	9	Valley Parkway	\$2,060,000
9	6	Kealy, Jones & Cowan	\$4,850,000
10	8	Indian Oaks Subdivision Phase 1	\$2,200,000
11	14	Lewisville Valley 4 Subdivision	\$9,908,000
12	12	Railroad Street	\$1,925,000
13	11	Cowan Str Phase 1	\$1,900,000
14	4	Valley Ridge East	\$4,407,000
15	15	Meadow Glen Subdivision	\$7,365,000
16	16	Lewisville Valley 1 Subdivision	\$7,705,000
17	17	Bellaire Blvd.	\$5,060,000
		<b>TOTAL</b>	<b>\$71,600,000</b>

# GO Bond Project Recap

## Public Safety (\$10,500,000 - Revised)

5

- **Police Facility Addition** **\$4,500,000**
  - Addition of 2<sup>nd</sup> floor to police station
  - Additional 5,000 sq. ft.
- **Relocation of Fire Station 3** **\$4,900,000**
  - Reduces response time in SW Lewisville
  - Moves current station @ 195 W Corporate to new location along FM 3040
- **Emergency Operations Center** **\$1,100,000**
  - Includes amount specifically related to making the basement finish-out an EOC (remaining \$4.5M in GF Reserve Plan)

# GO Bond Project Recap

## Parks and Recreation (\$39,900,000 - Revised)

6

- Multi-Generational Recreation Center      \$25,100,000
- Trail Development      \$ 7,100,000
- Lake Park Day Use      \$ 5,100,000
  - Includes additional large & small picnic pavilions, shaded picnic tables, amenities for fishing tournaments, fish cleaning stations, addresses numerous ADA accessibility issues
- Lake Park Campground/Pavilion Imprv.      \$ 2,600,000
  - Includes upgraded utility hookups incl. sewer, large level sites, amenities such as picnic tables, grills/fire rings, improved roadways, improved tent site areas, improved and expanded parking for the Connor Pavilion, camping sites relocated for better park utilization

# GO Bond Project Recap

## Parks and Recreation Projects

7

- City Council direction via June special workshop
  - Site visits of Recreation Center
- Project estimate for a “multi-generational center” similar to Grapevine’s “REC” was developed
  - Barker Rinker Seacat Architecture provided estimate
  - Based on 14 m design/12-18 m construction



# GO Bond Projects—Revised Amounts

8

<u>Type</u>	<u>Amount</u>
■ Streets	\$ 71,600,000
■ Public Safety	\$ 10,500,000
■ Parks and Recreation	<u>\$ 39,900,000</u>
■ Total	\$122,000,000

- *\$122M equates to 1.368 cents on the current I&S tax rate*
  - *\$.11732 to \$.13100*
  - *10-year bond program*

# Public Art

9

- Based on 2% of specified capital projects
- Projects recommended by Blue Ribbon Committee
  - Streets
    - Mill Street @ Business 121 \$ 58,040
    - Corporate Drive \$150,785
  - Trails \$139,216
  - Recreation Center \$492,157
  - Total \$840,198
- Preliminary FY 15-16 Hotel-Motel budget Includes one-time art catch-up” transfer of \$577,138

# General Fund Reserve/Utility Fund Revenue Bonds

10

- Joint Fleet Maintenance Facility \$10,775,000
  - \$8,081,250 GF; \$2,693,750 UF
  - New facility will be built on city-owned property on new Valley Ridge on 19.8 acre site
  - Relocates and consolidates the current Fleet Maintenance and the Fire Fleet Maintenance into one location to take advantage of operational efficiencies
  
- City Hall Basement \$5,600,000
  - \$4.5M GF; \$1.1M GO Bonds
  - Functions as conference & EOC

# General Fund Reserve Capital Plan

11

- Staff developed new 10 year capital plan utilizing GF reserve for land purchases and facilities; Reserve has historically been used to fund technology needs as well as capital investments
  - Also includes potential remodel of Bank Building on Main St (Commercial Bank of Texas)
  - Discussion of options planned for early fall.

# General Fund Reserve Capital Plan

General Fund Reserves Plan		2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	TOTAL
Projected FY15 Fund Balance	29,873,489											
20% Reserve	14,494,507											
<b>Beginning Excess Reserve</b>	<b>15,378,982</b>	<b>15,378,982</b>	<b>11,834,551</b>	<b>10,884,551</b>	<b>9,534,551</b>	<b>8,184,551</b>	<b>7,334,551</b>	<b>5,984,551</b>	<b>4,553,301</b>	<b>4,203,301</b>	<b>3,853,301</b>	
Resources												
Annual Growth		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	20,000,000
Uses												
Technology Plan/One-Time		1,544,431	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	1,350,000	13,694,431
Land Purchases		2,000,000		1,000,000		500,000	500,000					4,000,000
Bank Renovation		1,000,000	600,000									1,600,000
Fleet Building (\$8,081,250)		1,000,000	1,000,000	1,000,000	2,000,000	1,000,000	1,000,000	1,081,250				8,081,250
Basement							500,000	1,000,000	1,000,000	1,000,000	1,000,000	4,500,000
<b>Total Uses</b>	<b>-</b>	<b>5,544,431</b>	<b>2,950,000</b>	<b>3,350,000</b>	<b>3,350,000</b>	<b>2,850,000</b>	<b>3,350,000</b>	<b>3,431,250</b>	<b>2,350,000</b>	<b>2,350,000</b>	<b>2,350,000</b>	<b>31,875,681</b>
Available Reserve	15,378,982	11,834,551	10,884,551	9,534,551	8,184,551	7,334,551	5,984,551	4,553,301	4,203,301	3,853,301	3,503,301	3,503,301
Reserve Stabilization	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
<b>Excess Available Reserve</b>	<b>10,378,982</b>	<b>6,834,551</b>	<b>5,884,551</b>	<b>4,534,551</b>	<b>3,184,551</b>	<b>2,334,551</b>	<b>984,551</b>	<b>(446,699)</b>	<b>(796,699)</b>	<b>(1,146,699)</b>	<b>(1,496,699)</b>	<b>(1,496,699)</b>

# Draft Proposition Language

- “Shall the City Council of the City of Lewisville, Texas, be authorized to issue general obligation bonds of the City in the amount of \$71,600,000 for the purpose of providing funds for permanent public improvements, to wit: designing, developing, constructing, improving, extending, and expanding streets, thoroughfares, sidewalks, bridges, and other public ways of the City, including streetlighting, right-of-way protection, and related storm drainage improvements; and including acquiring, constructing, and installing public art related to and being part of some or all of the foregoing, and acquiring land and rights-of-way in connection with such public improvements...”
- “Shall the City Council of the City of Lewisville, Texas, be authorized to issue general obligation bonds of the City in the amount of \$39,900,000 for the purpose of providing funds for permanent public improvements, to wit: acquiring, developing, renovating and improving parks, park facilities and open spaces for park and recreation purposes, in and for the City, and including acquiring, constructing, and installing public art related to and being part of some or all of the foregoing, including the acquisition of land in connection with such public improvements...”
- “Shall the City Council of the City of Lewisville, Texas, be authorized to issue general obligation bonds of the City in the amount of \$10,500,000 for the purpose of providing funds for permanent public improvements, to wit: designing, constructing, reconstructing, improving, renovating, expanding, equipping, and furnishing public safety facilities, including fire station facilities, and police administrative facilities, and including acquiring, constructing, and installing public art related to and being part of some or all of the foregoing, including the acquisition of land in connection with such public improvements...”

# Draft Ballot Language

14

## Proposition 1

- FOR THE ISSUANCE OF \$71,600,000 GENERAL OBLIGATION BONDS FOR STREET IMPROVEMENTS, AND THE LEVYING OF A TAX IN PAYMENT
- AGAINST THEREOF.

## Proposition 2

- FOR THE ISSUANCE OF \$39,900,000 GENERAL OBLIGATION BONDS FOR PARK, OPEN SPACE AND RECREATION IMPROVEMENTS AND FACILITIES AND THE
- AGAINST LEVYING OF A TAX IN PAYMENT THEREOF.

## Proposition 3

- FOR THE ISSUANCE OF \$10,500,000 GENERAL OBLIGATION BONDS FOR POLICE FIRE FIGHTING FACILITIES AND IMPROVEMENTS, AND THE LEVYING OF A
- AGAINST TAX IN PAYMENT THEREOF.

# Calendar Considerations

15

- August 17, 2015 Call for Election
- November 3, 2015 G O Bond Election

16

## 2015-2016 Utility Fund Budget

# FY 15-16 Budget Impacts

17

- Impacts related to Dallas Water Utility
  - Utility (DWU) Rate Increase
- Impacts associated with long range capital plan

# Two Water Sources

18

- **UNTREATED (lake water)**
  - Water treatment by Lewisville
  
- **TREATED**
  - Treated water purchased from DWU with direct delivery to Lewisville system via
    - East Side Pump Station
    - Midway Pump Station
    - Southside Pump Station
  
- **Both Sources Purchased from Dallas Water Utilities (DWU)**

# FY 2015-16 Rate Impact - Dallas

19

- Water rate increase (Dallas Water Utilities)
  - Sabine River Authority
  - Palestine Pipeline - Integrated Pipeline Project
  - General Operations Cost
- Untreated = + 48.5%
- Treated = + 17% average rate
- \$1.062M possible increase to budget

# DWU Rate Increase Impact Mitigation

20

- New “normalized year” based on lower consumption number of 140 gallons per capita per day (gpcd) vs 149 gpcd (based on reduction in consumption seen in last 3 years)
- Maximizing treated vs raw water
- Moved Sustainability position/program to General Fund
- Lowered impact from \$1.062M to \$735K

# Budget Impact of Absorbing \$735K

21

- Investment in infrastructure maintenance was reduced
- Major consideration in bond rating is a willingness to set rates to cover all costs; ex. pass through of DWU rate increases

# FY 2015-16 rate impact - Internal

22

- Utility Fund operation/maintenance cost\*
- Capital projects plan\*\*
- Aging infrastructure – reaching life expectancy
  - Plants 43+ Years
  - Infrastructure 50+ Years
- Additional \$790K is needed this fiscal year to increase investment in infrastructure

\*Previous annual rate increases were for pass through cost related to DWU increases. We were able to invest internally without rate increases due to conservative budget methodology, dry years, etc.

\*\* See Capital Plan Handout

# Effect of Utility Rate Increases

## Effect of Utility Rate Increases

% Increase	\$ Generated			Average Customer Impact			Average Bill (current is \$57.34)
	Water	Sewer	Total	Water	Sewer	Total	
1%	\$ 164,651	\$ 101,545	\$ 266,196	\$ 0.36	\$ 0.21	\$ 0.57	\$ 57.91
3%	\$ 493,953	\$ 304,634	\$ 798,587	\$ 1.08	\$ 0.64	\$ 1.72	\$ 59.06
4%	\$ 658,604	\$ 406,179	\$ 1,064,783	\$ 1.44	\$ 0.86	\$ 2.30	\$ 59.63
5%	\$ 823,255	\$ 507,723	\$ 1,330,978	\$ 1.80	\$ 1.07	\$ 2.87	\$ 60.21
6%	\$ 987,906	\$ 609,268	\$ 1,597,174	\$ 2.16	\$ 1.28	\$ 3.44	\$ 60.78

*Average Residential Customer for calculations:*

*Water 10,000*

*Sewer 6,000*

## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** Lisa Weaver, Sustainability Manager

**DATE:** July 8, 2015

**SUBJECT: Recognition of Keep Lewisville Beautiful (KLB) as Recipient of the 2015 Governor's Community Achievement Award (GCAA), Presented by Keep Texas Beautiful (KTB).**

### BACKGROUND

For almost 30 years, Keep Lewisville Beautiful has been partnering with the City of Lewisville as a 501(c) (3) non-profit to accomplish beautification and community improvement programs. As an affiliate of both Keep Texas Beautiful (KTB) and Keep America Beautiful (KAB), KLB also serves the Lewisville community by writing grants and submitting applications for awards that bring funding and recognition to the community.

On the state level, KTB has partnered with Texas Department of Transportation (TXDOT) since 1985 to recognize KTB affiliates and communities with exceptional efforts to improve their local environment and encourage community involvement. The most prestigious of these recognition programs is the Governor's Community Achievement Award (GCAA). This award distributes \$2,000,000 in TXDOT funding for highway landscaping projects to winning communities in ten population categories. Winners are chosen based on their achievements in seven areas:

- community leadership and coordination,
- education,
- public awareness,
- litter prevention and cleanup,
- litter law and illegal dumping enforcement,
- beautification and community improvement, and
- solid waste management.

KLB previously received the award in 1991 in population Category 6 with funding of \$60,000. This year, KLB was recognized as the award recipient in Category 9 with funding of \$290,000.

### ANALYSIS

KLB has prepared and submitted the application for this award for years, but the story it tells is of efforts of the entire community. Information is compiled from a variety of projects and programs including those of KLB, City of Lewisville, LISD, LLELA, local civic organizations, churches, businesses, and individual volunteers who make Lewisville a more sustainable community. The 2015 report demonstrated the impact of community efforts in 2014, and the City's Vision 2025 process was one of the highlights of the report. Some of the other accomplishments included in this year's report include:

Subject: Recognition of KLB 2015 GCAA  
July 8, 2015  
Page 2 of 2

- Beautification projects logging close to 1,200 volunteer hours for native plantings and community garden activities
- Eagle Scout projects at LISDOLA and city parks that include bike racks, cleanups, and interpretive signage
- Old Town plaza and addition of other public green spaces
- Corridor beautification projects
- Record-breaking participation at KLB litter prevention events with 750 volunteers spending over 2,000 hours in cleanup activities
- Trail expansion
- Trinity River Elm Fork 22 mile padding trail

KLB has also recently been recognized for two national awards from Keep America Beautiful for community programming and community engagement. KLB continues to nominate others in the community for their outstanding environmental efforts, and over the last decade has gained recognition for the City, LLELA, Rotary volunteers, LISD schools, and the Upper Trinity Regional Water District.

City staff will be working with KLB and TXDOT in the next few months to identify and implement a landscaping project with the funding from the GCAA award.

### **RECOMMENDATION**

It is City staff's recommendation that the City Council recognize the achievements of KLB as a recipient of the 2015 GCAA.



**LEWISVILLE**

Deep Roots. Broad Wings. Bright Future.

**MEMORANDUM**

**TO:** Mayor Rudy Durham  
Mayor Pro Tem R Neil Ferguson  
Deputy Mayor Pro Tem Greg Tierney  
Councilman Leroy Vaughn  
Councilman TJ Gilmore  
Councilman Brent Daniels

**FROM:** Donna Barron, City Manager

**DATE:** July 9, 2015

**SUBJECT:** **Public Hearing: Consideration of a Request to Annex a 0.418 Acre Tract of Land, Generally Located East of Standridge Drive, North of Hebron Parkway, West of Swan Forest Drive and South of Sir Tristram Lane and More Specifically Described in Exhibit "A" of the Petition for Annexation of Lands, at the Request of the Landowner, CH PH 9, LLC.**

**BACKGROUND**

At the April 20, 2015 meeting, the City Council approved an ordinance relinquishing extraterritorial jurisdiction over three tracts of land totaling 1.216 Acres in Favor of the City of Carrollton, Texas and approved a resolution consenting to the addition of land to the boundaries of Denton County Fresh Water Supply District (DCFWS) 1-C as required by statute for properties located in our extraterritorial jurisdiction.

Castle Hills Property Company acquired a 34.733 acre tract of land (Berndt Property) located in the Town of Hebron and adjacent to the city's ETJ. Castle Hills Property Company requested the extension of the boundaries of DCFWS 1-C to include this property. A water district is required to petition the city for written consent to add the acquired property to Denton County Fresh Water Supply District 1-C (DCFWS 1-C) which was approved by the City at the April 20 meeting. The land that will be brought into the boundaries of DCFWS 1-C is planned to contain 177 lots with single family homes with values that range between \$350,000 and \$500,000.

While Castle Hills Property Company acquired a 34.733 acre tract of land, the petition for addition of the land into DCFWS 1-C was for 33.094 acres. Not included in the petition was a 1.078 acre tract of land for the expansion of Standridge Road from a 2 lane to a 4 lane road as required under a settlement agreement approved in 1998. Under this agreement, the developer of the Berndt Property is required to add the 2 lanes to Standridge Road between Hebron Parkway and Polser Lane. In addition, land for two turn lanes (which total .138 acres) on Hebron Parkway was not included in the petition for land to be brought into DCFWS 1-C.



**LEWISVILLE**

Deep Roots. Broad Wings. Bright Future.

The City Council approved relinquishment of a total of 1.216 acres to the City of Carrollton, which includes the 1.078 acres of land planned for the expansion of Standridge Road and the .138 acres of land necessary to construct two turn lanes on Hebron Parkway. Two turn lanes, one located at the intersection of Hebron Parkway and Prairie Drive (.087 acres), and the second turn lane located at the intersection of Hebron Parkway and Standridge Drive (.051 acres), were also relinquished to City of Carrollton. Hebron Parkway lies within the City of Carrollton adjacent to the Berndt tract which leads to both intersections remaining in Carrollton for maintenance and enforcement purposes.

At the April 20, 2015 meeting, the 1996 Operating Agreement was also amended to take into account the additional 33.094 acres of land recommended to be brought into the DCFWSD 1-C. The total acreage included in the agreement is now approximately 2,624.214 acres.

### **ANALYSIS**

Steps must now be taken to place a City of Lewisville boundary around the additional property approved to be added to DCFWSD 1-C. Annexation of a 0.418 acre tract of land is required to create this boundary. Section 43.063 of the Texas Local Government Code requires that the governing body conduct two public hearings in order to annex property. At the July 6, 2015 meeting, the City Council set the date for the two public hearings for July 20, 2015.

A public hearing is not necessary for deannexing the existing City of Lewisville boundary located along the northern section of this property. However, ordinances deannexing the existing boundary and annexing the new boundary will be considered on the August 17, 2015 agenda.

### **RECOMMENDATION**

It is City staff's recommendation that the City Council conduct the first of two public hearings on the proposed annexation.

STATE OF TEXAS

§  
§  
§

PETITION FOR ANNEXATION OF LANDS

COUNTY OF DENTON

TO THE HONORABLE GOVERNING BODY OF THE CITY OF LEWISVILLE:

COMES NOW **CH PH 9, LLC**, a Texas limited liability company (the "Petitioner"), and hereby requests and petitions the City of Lewisville, Texas (the "City") to annex the lands described in Exhibit "A" attached hereto and incorporated herein for all purposes (the "Property") into the corporate limits of the City, pursuant to the City's authority under Section 1.03 of the City's Charter and Section 43.021 of the Texas Local Government Code, as amended (the "TLGC"). In support of the foregoing, the Petitioner would respectfully show the following:

I.

The Property totals 0.418 acres and is located in Denton County.

II.

The Petitioner is the owner of 100% of the Property in acreage and assessed value, as indicated by the current tax rolls of the Denton County Appraisal District.

III.

The entity executing this Petition is duly authorized and has the corporate authority to execute this Petition and the undersigned requests the annexation of the Property into the corporate limits of the City. This Petition shall be filed with the Secretary of the City.

WHEREFORE, PREMISES CONSIDERED, Petitioner prays that the City Council of the City:

(1) duly consider this Petition, and provide such notice and call such public hearings as may be required pursuant to Section 43.063 of the TLGC to consider this petition and the annexation of the Property; and

(2) grant all matters requested in this Petition.

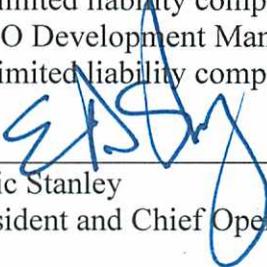
[REST OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, this Petition has been executed by the duly authorized representatives of the Petitioner on the 30 day of June, 2015.

**PETITIONER:**

**CH PH 9, LLC**

A Texas limited liability company  
By BRECO Development Manager, LLC  
A Texas limited liability company, its manager

By: 

Name: Eric Stanley

Title: President and Chief Operating Officer

THE STATE OF TEXAS §

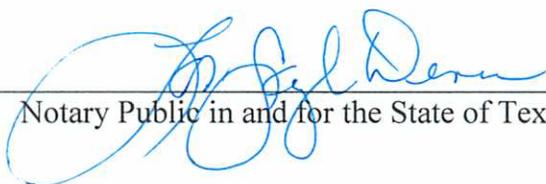
COUNTY OF DENTON §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Eric Stanley, President and Chief Operating Officer of BRECO Development Manager, LLC, a Texas limited liability company, manager of CH PH 9, LLC known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as the act and deed of such corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 30<sup>th</sup> day of June, 2015.



(Notary Seal)

  
Notary Public in and for the State of Texas

**EXHIBIT A**

**Legal Description of Annexed Land**

**0.418 ACRES  
IN THE R. HENSWORTH SURVEY  
ABSTRACT NO. 578  
J. DOOLEY SURVEY  
ABSTRACT NO. 343  
DENTON COUNTY, TEXAS**

FIELD NOTES TO A PART OF A CALLED 36.5 ACRE TRACT OF LAND IN THE RICHARD HENSWORTH SURVEY, ABSTRACT NO. 578, DENTON COUNTY, TEXAS, DESCRIBED IN A DEED FROM WALTER EDWIN BERNDT AND ANNIE LUCINDA BERNDT TO CHB FARM, L.P., RECORDED IN VOLUME 4477, PAGE 1573, OFFICIAL PUBLIC RECORDS, DENTON COUNTY, TEXAS, AND A PART OF A CALLED 1.451 ACRE TRACT OF LAND IN THE JAMES DOOLEY SURVEY, ABSTRACT NO. 343, DENTON COUNTY, TEXAS, DESCRIBED AS 'TRACT 03' IN A DEED FROM BRIGHT FARM PARTNERSHIP TO CASTLE HILLS DEVELOPMENT CORPORATION, RECORDED IN INSTRUMENT NUMBER 2006-153342, OFFICIAL PUBLIC RECORDS, DENTON COUNTY, TEXAS, THE TWO TRACTS TOGETHER COMPRISING A TOTAL OF 35.444 ACRES OF LAND, MORE OR LESS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A POINT FOR CORNER AT THE INTERSECTION OF THE EAST RIGHT-OF-WAY LINE OF STANDRIDGE DRIVE (A VARIABLE WIDTH RIGHT-OF-WAY) AND THE SOUTH LINE OF CASTLE HILLS PHASE I, SECTION A, AS RECORDED IN CABINET P, PAGE 318, PLAT RECORDS, DENTON COUNTY, TEXAS;

THENCE SOUTH 01°06'28" EAST WITH SAID EAST RIGHT-OF-WAY LINE A DISTANCE OF 4.76' TO A POINT FOR CORNER;

THENCE SOUTH 46°06'28" EAST WITH SAID EAST RIGHT-OF-WAY LINE A DISTANCE OF 28.08' TO A POINT FOR CORNER;

THENCE NORTH 89°59'02" EAST DEPARTING SAID EAST RIGHT-OF-WAY LINE A DISTANCE OF 34.85' TO THE POINT OF BEGINNING;

THENCE NORTH 88°57'49" EAST A DISTANCE OF 5.00' TO A POINT FOR CORNER;

THENCE SOUTH 00°58'59" EAST A DISTANCE OF 50.00' TO A POINT FOR CORNER;

THENCE SOUTH 89°01'57" WEST A DISTANCE OF 44.99' TO A POINT FOR CORNER;

THENCE WITH A CURVE TURNING TO THE LEFT WITH AN ARC LENGTH OF 31.43, A RADIUS OF 19.93', WITH A CHORD BEARING OF SOUTH 43°56'27" WEST A DISTANCE OF 28.28' TO A POINT FOR CORNER;

THENCE SOUTH 00°57'39" EAST A DISTANCE OF 1010.15' TO A POINT FOR CORNER;

THENCE SOUTH 45°48'53" EAST A DISTANCE OF 31.32' TO A POINT FOR CORNER;

THENCE NORTH 89°19'53" EAST A DISTANCE OF 108.00' TO A POINT FOR CORNER;

THENCE WITH A CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 15.86', WITH A RADIUS OF 217.00', WITH A CHORD BEARING OF SOUTH 88°34'29" EAST A DISTANCE OF 15.86' TO A POINT FOR CORNER;

THENCE SOUTH 86°13'44" EAST A DISTANCE OF 108.48' TO A POINT FOR CORNER;

THENCE NORTH 89°17'44" EAST A DISTANCE OF 422.14' TO A POINT FOR CORNER;

THENCE NORTH 44°05'38" EAST A DISTANCE OF 12.02' TO A POINT FOR CORNER;

THENCE NORTH 89°22'46" EAST A DISTANCE OF 203.47' TO A POINT FOR CORNER;

THENCE NORTH 87°07'43" EAST A DISTANCE OF 249.68' TO A POINT FOR CORNER;

THENCE WITH A CURVE TURNING TO THE LEFT WITH AN ARC LENGTH OF 169.74', WITH A RADIUS OF 1135.00', WITH A CHORD BEARING OF NORTH 74°53'48" EAST A DISTANCE OF 169.58' TO A POINT FOR CORNER;

THENCE NORTH 70°36'13" EAST A DISTANCE OF 14.88' TO A POINT FOR CORNER;

THENCE NORTH 00°10'33" WEST A DISTANCE OF 944.43' TO A POINT FOR CORNER;

THENCE SOUTH 88°57'49" WEST A DISTANCE OF 50.01' TO A POINT FOR CORNER;

THENCE NORTH 00°10'33" WEST A DISTANCE OF 10.00' TO A POINT FOR CORNER;

THENCE SOUTH 88°57'49" WEST A DISTANCE OF 49.58' TO A POINT FOR CORNER;

THENCE NORTH 00°53'14" WEST A DISTANCE OF 105.00' TO A POINT FOR CORNER;

THENCE NORTH 88°57'49" EAST A DISTANCE OF 5.00' TO A POINT FOR CORNER;

THENCE SOUTH 00°53'14" EAST A DISTANCE OF 100.00' TO A POINT FOR CORNER;

THENCE NORTH 88°57'49" EAST A DISTANCE OF 49.64' TO A POINT FOR CORNER;

THENCE SOUTH 00°10'33" EAST A DISTANCE OF 10.00' TO A POINT FOR CORNER;

THENCE NORTH 88°57'49" EAST A DISTANCE OF 50.01' TO A POINT FOR CORNER IN THE WEST LINE OF QUAIL CREEK NORTH ADDITION, PHASE 1, AS RECORDED IN CABINET X, PAGE 199, PLAT RECORDS, DENTON COUNTY, TEXAS;

THENCE SOUTH 00°10'33" EAST WITH THE WEST LINE OF SAID QUAIL CREEK NORTH ADDITION A DISTANCE OF 953.05' TO AN "X" CUT FOUND FOR CORNER IN THE NORTH RIGHT-OF-WAY LINE OF HEBRON PARKWAY (A VARIABLE WIDTH RIGHT-OF-WAY);

THENCE SOUTH 70°36'13" WEST WITH SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 18.43' TO AN "X" CUT FOR CORNER;

THENCE WITH A CURVE TURNING TO THE RIGHT WITH SAID NORTH RIGHT-OF-WAY LINE WITH AN ARC LENGTH OF 170.84, WITH A RADIUS OF 1140.00', WITH A CHORD BEARING OF SOUTH 74°53'48" WEST A DISTANCE OF 170.68' TO A POINT FOR CORNER;

THENCE SOUTH 87°07'43" WEST WITH SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 250.12' TO A CAPPED IRON ROD FOUND FOR CORNER;

THENCE SOUTH 89°22'46" WEST A DISTANCE OF 201.48' TO A POINT FOR CORNER;

THENCE SOUTH 44°05'38" WEST A DISTANCE OF 12.01' TO A POINT FOR CORNER;

THENCE SOUTH 89°17'44" WEST A DISTANCE OF 424.41' TO A POINT FOR CORNER;

THENCE NORTH 86°13'44" WEST A DISTANCE OF 108.66' TO A POINT FOR CORNER;

THENCE WITH A CURVE TURNING TO THE LEFT WITH AN ARC LENGTH OF 15.48', WITH A RADIUS OF 212.00', WITH A CHORD BEARING OF NORTH 88°34'34" WEST A DISTANCE OF 15.48' TO A POINT FOR CORNER;

THENCE SOUTH 89°19'53" WEST A DISTANCE OF 110.07' TO A POINT FOR CORNER;

THENCE NORTH 45°48'53" WEST A DISTANCE OF 35.45' TO A POINT FOR CORNER;

THENCE NORTH 00°57'39" WEST A DISTANCE OF 1012.22' TO A POINT FOR CORNER;

THENCE WITH A CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 39.28', WITH A RADIUS OF 24.93', WITH A CHORD BEARING OF NORTH 43°56'27" EAST A DISTANCE OF 35.35' TO A POINT FOR CORNER;

THENCE NORTH 89°01'57" EAST A DISTANCE OF 39.99' TO A POINT FOR CORNER;

THENCE NORTH 00°58'59" WEST A DISTANCE OF 44.99' TO THE POINT OF BEGINNING AND ENCLOSING 0.418 OF AN ACRE OF LAND, MORE OR LESS.





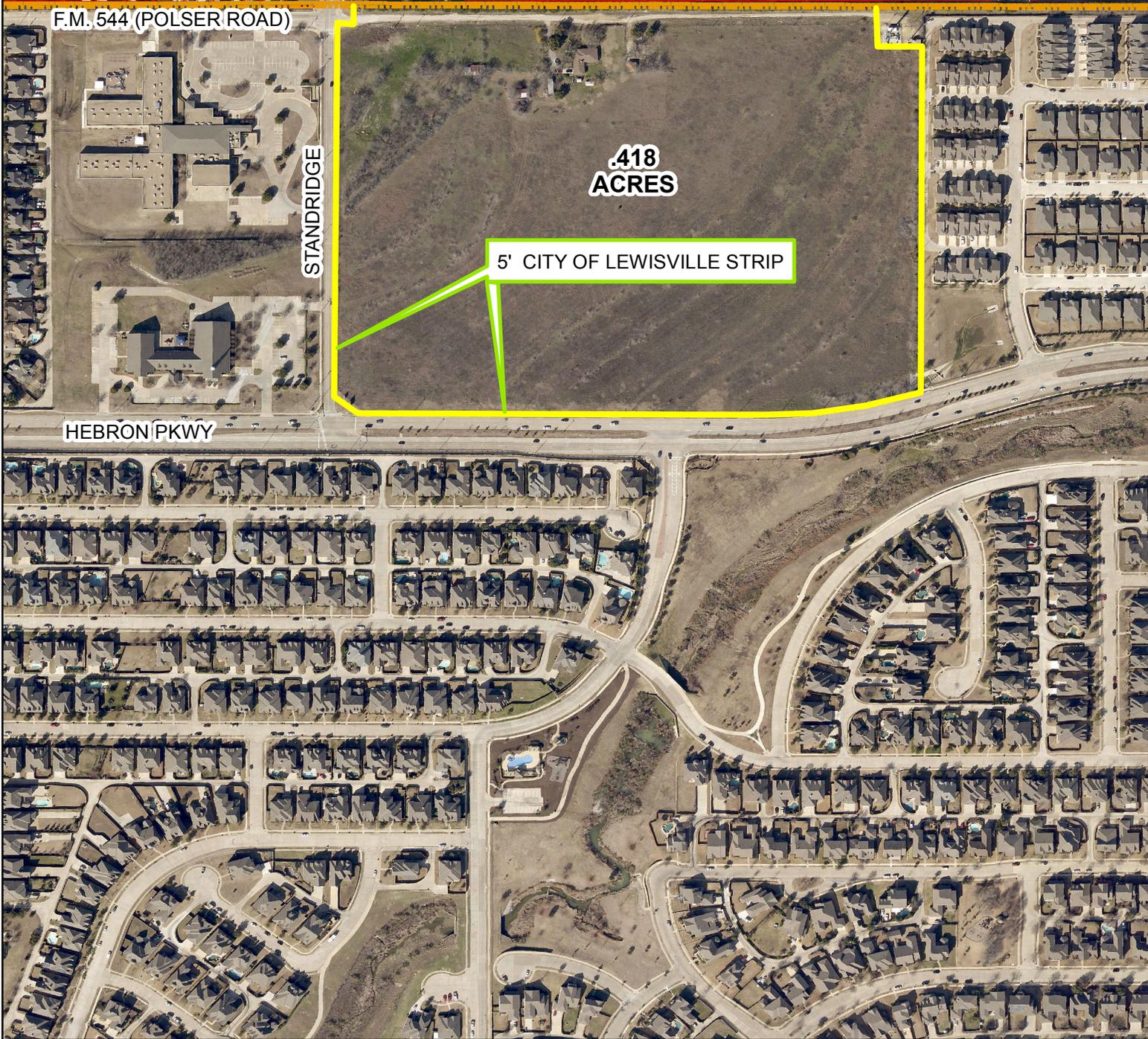
F.M. 544 (POLSER ROAD)

STANDRIDGE

.418  
ACRES

5' CITY OF LEWISVILLE STRIP

HEBRON PKWY





**LEWISVILLE**

Deep Roots. Broad Wings. Bright Future.

**MEMORANDUM**

**TO:** Mayor Rudy Durham  
Mayor Pro Tem R Neil Ferguson  
Deputy Mayor Pro Tem Greg Tierney  
Councilman Leroy Vaughn  
Councilman TJ Gilmore  
Councilman Brent Daniels

**FROM:** Donna Barron, City Manager

**DATE:** July 9, 2015

**SUBJECT:** **Public Hearing: Consideration of a Request to Annex a 0.418 Acre Tract of Land, Generally Located East of Standridge Drive, North of Hebron Parkway, West of Swan Forest Drive and South of Sir Tristram Lane and More Specifically Described in Exhibit "A" of the Petition for Annexation of Lands, at the Request of the Landowner, CH PH 9, LLC.**

**BACKGROUND**

At the April 20, 2015 meeting, the City Council approved an ordinance relinquishing extraterritorial jurisdiction over three tracts of land totaling 1.216 Acres in Favor of the City of Carrollton, Texas and approved a resolution consenting to the addition of land to the boundaries of Denton County Fresh Water Supply District (DCFWSO) 1-C as required by statute for properties located in our extraterritorial jurisdiction.

Castle Hills Property Company acquired a 34.733 acre tract of land (Berndt Property) located in the Town of Hebron and adjacent to the city's ETJ. Castle Hills Property Company requested the extension of the boundaries of DCFWSO 1-C to include this property. A water district is required to petition the city for written consent to add the acquired property to Denton County Fresh Water Supply District 1-C (DCFWSO 1-C) which was approved by the City at the April 20 meeting. The land that will be brought into the boundaries of DCFWSO 1-C is planned to contain 177 lots with single family homes with values that range between \$350,000 and \$500,000.

While Castle Hills Property Company acquired a 34.733 acre tract of land, the petition for addition of the land into DCFWSO 1-C was for 33.094 acres. Not included in the petition was a 1.078 acre tract of land for the expansion of Standridge Road from a 2 lane to a 4 lane road as required under a settlement agreement approved in 1998. Under this agreement, the developer of the Berndt Property is required to add the 2 lanes to Standridge Road between Hebron Parkway and Polser Lane. In addition, land for two turn lanes (which total .138 acres) on Hebron Parkway was not included in the petition for land to be brought into DCFWSO 1-C.



**LEWISVILLE**

Deep Roots. Broad Wings. Bright Future.

The City Council approved relinquishment of a total of 1.216 acres to the City of Carrollton, which includes the 1.078 acres of land planned for the expansion of Standridge Road and the .138 acres of land necessary to construct two turn lanes on Hebron Parkway. Two turn lanes, one located at the intersection of Hebron Parkway and Prairie Drive (.087 acres), and the second turn lane located at the intersection of Hebron Parkway and Standridge Drive (.051 acres), were also relinquished to City of Carrollton. Hebron Parkway lies within the City of Carrollton adjacent to the Berndt tract which leads to both intersections remaining in Carrollton for maintenance and enforcement purposes.

At the April 20, 2015 meeting, the 1996 Operating Agreement was also amended to take into account the additional 33.094 acres of land recommended to be brought into the DCFWSD 1-C. The total acreage included in the agreement is now approximately 2,624.214 acres.

### **ANALYSIS**

Steps must now be taken to place a City of Lewisville boundary around the additional property approved to be added to DCFWSD 1-C. Annexation of a 0.418 acre tract of land is required to create this boundary. Section 43.063 of the Texas Local Government Code requires that the governing body conduct two public hearings in order to annex property. At the July 6, 2015 meeting, the City Council set the date for the two public hearings for July 20, 2015.

A public hearing is not necessary for deannexing the existing City of Lewisville boundary located along the northern section of this property. However, ordinances deannexing the existing boundary and annexing the new boundary will be considered on the August 17, 2015 agenda.

### **RECOMMENDATION**

It is City staff's recommendation that the City Council conduct the second of two public hearings on the proposed annexation.

STATE OF TEXAS

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PETITION FOR ANNEXATION OF LANDS

COUNTY OF DENTON

TO THE HONORABLE GOVERNING BODY OF THE CITY OF LEWISVILLE:

COMES NOW **CH PH 9, LLC**, a Texas limited liability company (the "Petitioner"), and hereby requests and petitions the City of Lewisville, Texas (the "City") to annex the lands described in Exhibit "A" attached hereto and incorporated herein for all purposes (the "Property") into the corporate limits of the City, pursuant to the City's authority under Section 1.03 of the City's Charter and Section 43.021 of the Texas Local Government Code, as amended (the "TLGC"). In support of the foregoing, the Petitioner would respectfully show the following:

I.

The Property totals 0.418 acres and is located in Denton County.

II.

The Petitioner is the owner of 100% of the Property in acreage and assessed value, as indicated by the current tax rolls of the Denton County Appraisal District.

III.

The entity executing this Petition is duly authorized and has the corporate authority to execute this Petition and the undersigned requests the annexation of the Property into the corporate limits of the City. This Petition shall be filed with the Secretary of the City.

WHEREFORE, PREMISES CONSIDERED, Petitioner prays that the City Council of the City:

(1) duly consider this Petition, and provide such notice and call such public hearings as may be required pursuant to Section 43.063 of the TLGC to consider this petition and the annexation of the Property; and

(2) grant all matters requested in this Petition.

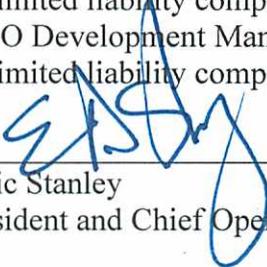
[REST OF PAGE LEFT INTENTIONALLY BLANK]

IN WITNESS WHEREOF, this Petition has been executed by the duly authorized representatives of the Petitioner on the 30 day of June, 2015.

**PETITIONER:**

**CH PH 9, LLC**

A Texas limited liability company  
By BRECO Development Manager, LLC  
A Texas limited liability company, its manager

By: 

Name: Eric Stanley

Title: President and Chief Operating Officer

THE STATE OF TEXAS §

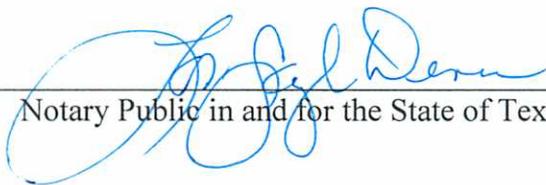
COUNTY OF DENTON §

BEFORE ME, the undersigned, a Notary Public in and for the State of Texas, on this day personally appeared Eric Stanley, President and Chief Operating Officer of BRECO Development Manager, LLC, a Texas limited liability company, manager of CH PH 9, LLC known to me to be the person whose name is subscribed to the foregoing instrument and acknowledged to me that he executed the same as the act and deed of such corporation.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 30<sup>th</sup> day of June, 2015.



(Notary Seal)

  
Notary Public in and for the State of Texas

**EXHIBIT A**

**Legal Description of Annexed Land**

**0.418 ACRES  
IN THE R. HENSWORTH SURVEY  
ABSTRACT NO. 578  
J. DOOLEY SURVEY  
ABSTRACT NO. 343  
DENTON COUNTY, TEXAS**

FIELD NOTES TO A PART OF A CALLED 36.5 ACRE TRACT OF LAND IN THE RICHARD HENSWORTH SURVEY, ABSTRACT NO. 578, DENTON COUNTY, TEXAS, DESCRIBED IN A DEED FROM WALTER EDWIN BERNDT AND ANNIE LUCINDA BERNDT TO CHB FARM, L.P., RECORDED IN VOLUME 4477, PAGE 1573, OFFICIAL PUBLIC RECORDS, DENTON COUNTY, TEXAS, AND A PART OF A CALLED 1.451 ACRE TRACT OF LAND IN THE JAMES DOOLEY SURVEY, ABSTRACT NO. 343, DENTON COUNTY, TEXAS, DESCRIBED AS 'TRACT 03' IN A DEED FROM BRIGHT FARM PARTNERSHIP TO CASTLE HILLS DEVELOPMENT CORPORATION, RECORDED IN INSTRUMENT NUMBER 2006-153342, OFFICIAL PUBLIC RECORDS, DENTON COUNTY, TEXAS, THE TWO TRACTS TOGETHER COMPRISING A TOTAL OF 35.444 ACRES OF LAND, MORE OR LESS, AND BEING MORE PARTICULARLY DESCRIBED BY METES AND BOUNDS AS FOLLOWS:

COMMENCING AT A POINT FOR CORNER AT THE INTERSECTION OF THE EAST RIGHT-OF-WAY LINE OF STANDRIDGE DRIVE (A VARIABLE WIDTH RIGHT-OF-WAY) AND THE SOUTH LINE OF CASTLE HILLS PHASE I, SECTION A, AS RECORDED IN CABINET P, PAGE 318, PLAT RECORDS, DENTON COUNTY, TEXAS;

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THENCE SOUTH 46°06'28" EAST WITH SAID EAST RIGHT-OF-WAY LINE A DISTANCE OF 28.08' TO A POINT FOR CORNER;

THENCE NORTH 89°59'02" EAST DEPARTING SAID EAST RIGHT-OF-WAY LINE A DISTANCE OF 34.85' TO THE POINT OF BEGINNING;

THENCE NORTH 88°57'49" EAST A DISTANCE OF 5.00' TO A POINT FOR CORNER;

THENCE SOUTH 00°58'59" EAST A DISTANCE OF 50.00' TO A POINT FOR CORNER;

THENCE SOUTH 89°01'57" WEST A DISTANCE OF 44.99' TO A POINT FOR CORNER;

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THENCE SOUTH 00°57'39" EAST A DISTANCE OF 1010.15' TO A POINT FOR CORNER;

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THENCE NORTH 89°19'53" EAST A DISTANCE OF 108.00' TO A POINT FOR CORNER;

THENCE WITH A CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 15.86', WITH A RADIUS OF 217.00', WITH A CHORD BEARING OF SOUTH 88°34'29" EAST A DISTANCE OF 15.86' TO A POINT FOR CORNER;

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THENCE NORTH 89°17'44" EAST A DISTANCE OF 422.14' TO A POINT FOR CORNER;

THENCE NORTH 44°05'38" EAST A DISTANCE OF 12.02' TO A POINT FOR CORNER;

THENCE NORTH 89°22'46" EAST A DISTANCE OF 203.47' TO A POINT FOR CORNER;

THENCE NORTH 87°07'43" EAST A DISTANCE OF 249.68' TO A POINT FOR CORNER;

THENCE WITH A CURVE TURNING TO THE LEFT WITH AN ARC LENGTH OF 169.74', WITH A RADIUS OF 1135.00', WITH A CHORD BEARING OF NORTH 74°53'48" EAST A DISTANCE OF 169.58' TO A POINT FOR CORNER;

THENCE NORTH 70°36'13" EAST A DISTANCE OF 14.88' TO A POINT FOR CORNER;

THENCE NORTH 00°10'33" WEST A DISTANCE OF 944.43' TO A POINT FOR CORNER;

THENCE SOUTH 88°57'49" WEST A DISTANCE OF 50.01' TO A POINT FOR CORNER;

THENCE NORTH 00°10'33" WEST A DISTANCE OF 10.00' TO A POINT FOR CORNER;

THENCE SOUTH 88°57'49" WEST A DISTANCE OF 49.58' TO A POINT FOR CORNER;

THENCE NORTH 00°53'14" WEST A DISTANCE OF 105.00' TO A POINT FOR CORNER;

THENCE NORTH 88°57'49" EAST A DISTANCE OF 5.00' TO A POINT FOR CORNER;

THENCE SOUTH 00°53'14" EAST A DISTANCE OF 100.00' TO A POINT FOR CORNER;

THENCE NORTH 88°57'49" EAST A DISTANCE OF 49.64' TO A POINT FOR CORNER;

THENCE SOUTH 00°10'33" EAST A DISTANCE OF 10.00' TO A POINT FOR CORNER;

THENCE NORTH 88°57'49" EAST A DISTANCE OF 50.01' TO A POINT FOR CORNER IN THE WEST LINE OF QUAIL CREEK NORTH ADDITION, PHASE 1, AS RECORDED IN CABINET X, PAGE 199, PLAT RECORDS, DENTON COUNTY, TEXAS;

THENCE SOUTH 00°10'33" EAST WITH THE WEST LINE OF SAID QUAIL CREEK NORTH ADDITION A DISTANCE OF 953.05' TO AN "X" CUT FOUND FOR CORNER IN THE NORTH RIGHT-OF-WAY LINE OF HEBRON PARKWAY (A VARIABLE WIDTH RIGHT-OF-WAY);

THENCE SOUTH 70°36'13" WEST WITH SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 18.43' TO AN "X" CUT FOR CORNER;

THENCE WITH A CURVE TURNING TO THE RIGHT WITH SAID NORTH RIGHT-OF-WAY LINE WITH AN ARC LENGTH OF 170.84, WITH A RADIUS OF 1140.00', WITH A CHORD BEARING OF SOUTH 74°53'48" WEST A DISTANCE OF 170.68' TO A POINT FOR CORNER;

THENCE SOUTH 87°07'43" WEST WITH SAID NORTH RIGHT-OF-WAY LINE A DISTANCE OF 250.12' TO A CAPPED IRON ROD FOUND FOR CORNER;

THENCE SOUTH 89°22'46" WEST A DISTANCE OF 201.48' TO A POINT FOR CORNER;

THENCE SOUTH 44°05'38" WEST A DISTANCE OF 12.01' TO A POINT FOR CORNER;

THENCE SOUTH 89°17'44" WEST A DISTANCE OF 424.41' TO A POINT FOR CORNER;

THENCE NORTH 86°13'44" WEST A DISTANCE OF 108.66' TO A POINT FOR CORNER;

THENCE WITH A CURVE TURNING TO THE LEFT WITH AN ARC LENGTH OF 15.48', WITH A RADIUS OF 212.00', WITH A CHORD BEARING OF NORTH 88°34'34" WEST A DISTANCE OF 15.48' TO A POINT FOR CORNER;

THENCE SOUTH 89°19'53" WEST A DISTANCE OF 110.07' TO A POINT FOR CORNER;

THENCE NORTH 45°48'53" WEST A DISTANCE OF 35.45' TO A POINT FOR CORNER;

THENCE NORTH 00°57'39" WEST A DISTANCE OF 1012.22' TO A POINT FOR CORNER;

THENCE WITH A CURVE TURNING TO THE RIGHT WITH AN ARC LENGTH OF 39.28', WITH A RADIUS OF 24.93', WITH A CHORD BEARING OF NORTH 43°56'27" EAST A DISTANCE OF 35.35' TO A POINT FOR CORNER;

THENCE NORTH 89°01'57" EAST A DISTANCE OF 39.99' TO A POINT FOR CORNER;

THENCE NORTH 00°58'59" WEST A DISTANCE OF 44.99' TO THE POINT OF BEGINNING AND ENCLOSING 0.418 OF AN ACRE OF LAND, MORE OR LESS.





F.M. 544 (POLSER ROAD)

STANDRIDGE

.418  
ACRES

5' CITY OF LEWISVILLE STRIP

HEBRON PKWY



## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** Nika Reinecke, Director of Economic Development & Planning

**DATE:** July 20, 2015

**SUBJECT:** **Public Hearing: Consideration of an Ordinance Granting a Special Use Permit (SUP) With Two Associated Variances to the Lewisville City Code of Ordinances Including Section 6-123 (d) Interior Landscaping; and Section 6-162 (a)(27) Parking Requirements; for a Self-Storage Facility on a 0.801-Acre Tract of Land; Legally Described as a Portion of Lot 1R-2, Block C of the McGee Addition Phase III, Located in the Southwest Quadrant of McGee Lane and FM 407; and Zoned Light Industrial (LI), as Requested by G&A Consultants, With Permission From McGee Lane Self-Storage, Inc., the Property Owner (Case No. SUP-2015-06-06).**

### **BACKGROUND**

The Special Use Permit process allows for consideration of certain uses that may potentially be incompatible or intensely dominate the area in which they are located, but may become compatible with the provision of certain conditions and restrictions. The request is for a new self-storage facility which will feature a three story building with climate controlled and non-climate controlled self-storage units. The applicants are requesting two variances relating to parking and landscaping in conjunction with the SUP request. On June 16, 2015, the Planning and Zoning Commission recommended unanimous approval (6-0) of the SUP.

### **ANALYSIS**

The site is located at the southwest quadrant of McGee Lane and FM 407. It is currently part of a larger tract that will be replatted into its own separate lot. The remaining property is currently vacant. The adjacent property to the west and south contain existing self-storage units owned by the applicant. Customer access to the facility will be via the existing gated entrance off McGee Lane, next to the McGee Storage Office.

### **Buildings**

The concept plan shows a three story storage building with a foot print of 17,900 square feet per floor and a total square footage of 53,700 square feet. The building height is approximately 33-ft 4-inches. No outside storage is proposed for this site. Staff met with the applicants engineer and expressed concern over the original exterior building materials, which were originally proposed as metal. Staff worked with the engineer and the building will now meet the 80% brick veneer requirements with the utilization of split-face block. The building will have a cream colored split-face block veneer with gray smooth face Concrete Masonry Unit (CMU) banding accents. The roof will be flat and constructed of standing seam metal. There will be vertical CMU elements spaced around the building at the entrances to the building. The ground floor will contain both climate controlled units and non-climate controlled units.

Subject: PH Self-Storage Facility

July 20, 2015

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The non- climate controlled units will have green metal roll-up doors with the gray CMU banding above. One of the storage entry alcoves on the west elevation will have a metal canopy above the entryway.

### **Signage**

Signage is proposed for both the East elevation (McGee Lane) and North elevation (FM 407). Signage will consist of green lettering, with the east elevation containing red underlining. The East elevation will contain "McGee Lane Self-Storage". The North elevation will contain the phone number of the facility and the words "Climate Controlled". Signage is proposed to be internally illuminated and meet sign ordinance requirements.

### **Fencing**

The existing storage facility to the west and south of this proposed site has an existing chain link fence that the applicant proposes to tie into. Access onto the site will be shared through the McGee Lane gated entrance.

### **Variances:**

#### **1) To waive the required parking lot and interior landscaping requirements**

Section 6-123 (d) speaks to interior landscaping requirements that are in addition to the required 10-foot landscape strip along all street frontages for a commercial development. For self-storage facilities, there is a provision that allows the required interior landscaping to be provided on the perimeter of their site. The applicant is requesting a variance to not add any additional landscaping, and propose that the existing landscaping along McGee Lane suffice since this is an additional building, albeit on a separate lot, of the existing McGee Self-Storage facility. The existing landscape strip consists of crepe myrtles, Bradford Pear trees and additional shrubs and plantings along McGee Lane.

#### **2) To reduce the number of required parking spaces**

The applicant is requesting a variance to reduce the amount of required parking. Section 6-162 (a)(27) requires that non-climate controlled buildings provide a 10-foot wide loading/unloading lane and that one (1) parking space is provided per each 1,000 square feet of climate controlled storage. The amount required for this facility by this definition is approximately 41 spaces, whereas 20 spots are proposed. The proposed development plan identifies six spaces available in a 10-ft wide loading/unloading zone on the eastern side of the building where the non-climate controlled units are proposed to be accessed on the ground floor and 14- ninety degree parking stalls on the western portion of the lot. No units are proposed to be accessed externally on the north and south sides. The site is a small part of a larger self-storage facility also owned by the applicant. Additional parking is available across the fire lane on the existing self-storage lot.

In summary the proposed self-storage facility will meet the 80% brick and stone requirement for a gateway. Landscaping exists along McGee Lane in the form of grass, trees, ornamental trees and plantings. Additional parking is available nearby at the adjacent storage buildings.

Subject: PH Self-Storage Facility

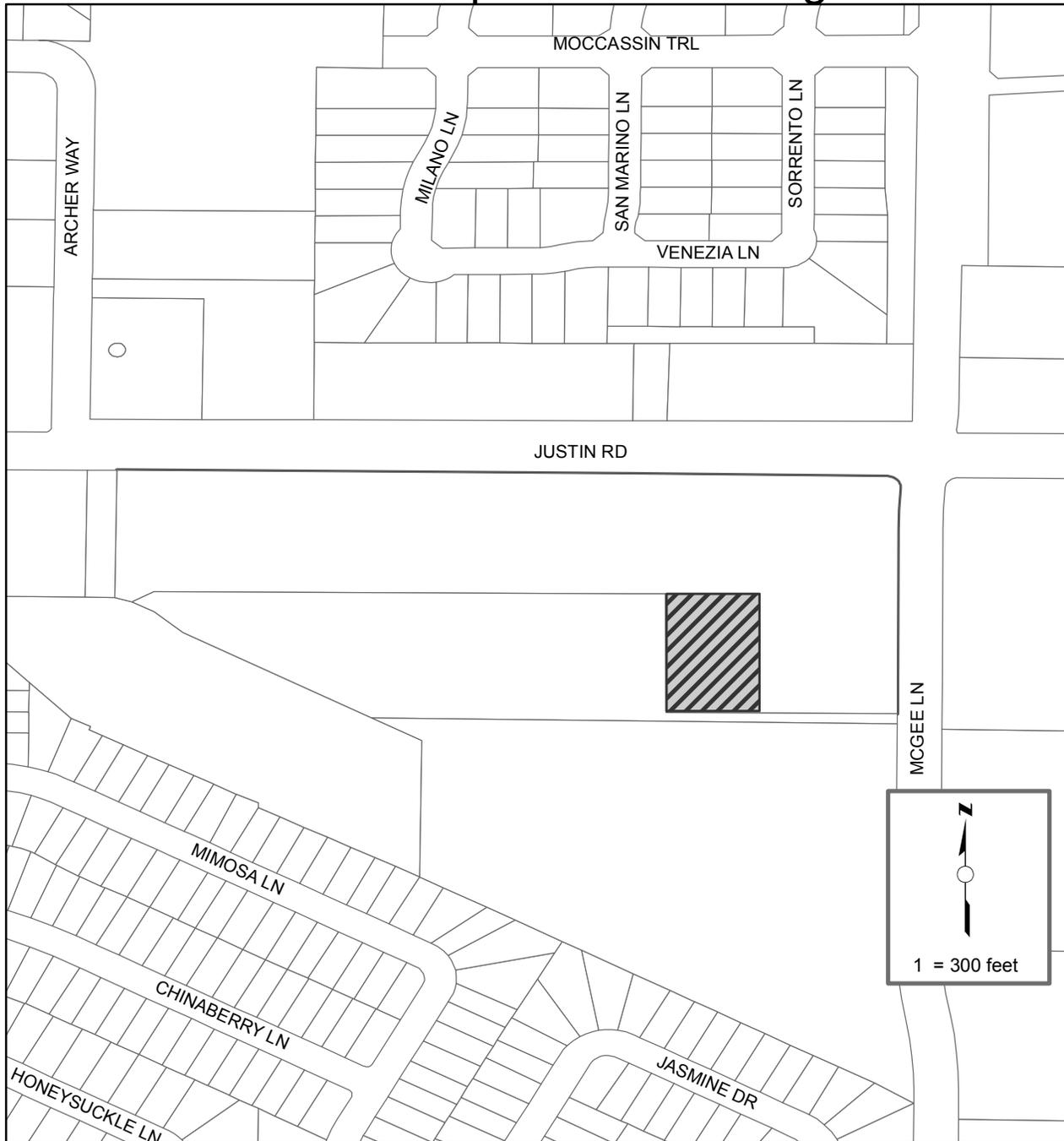
July 20, 2015

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**RECOMMENDATION**

It is City staff's recommendation that the City Council approve the proposed ordinance and requested variances as set forth in the caption above.

# Location Map- McGee Storage



**SUP CASE NO. SUP-2015-06-06**

**PROPERTY OWNER:** MCGEE LANE SELF STORAGE

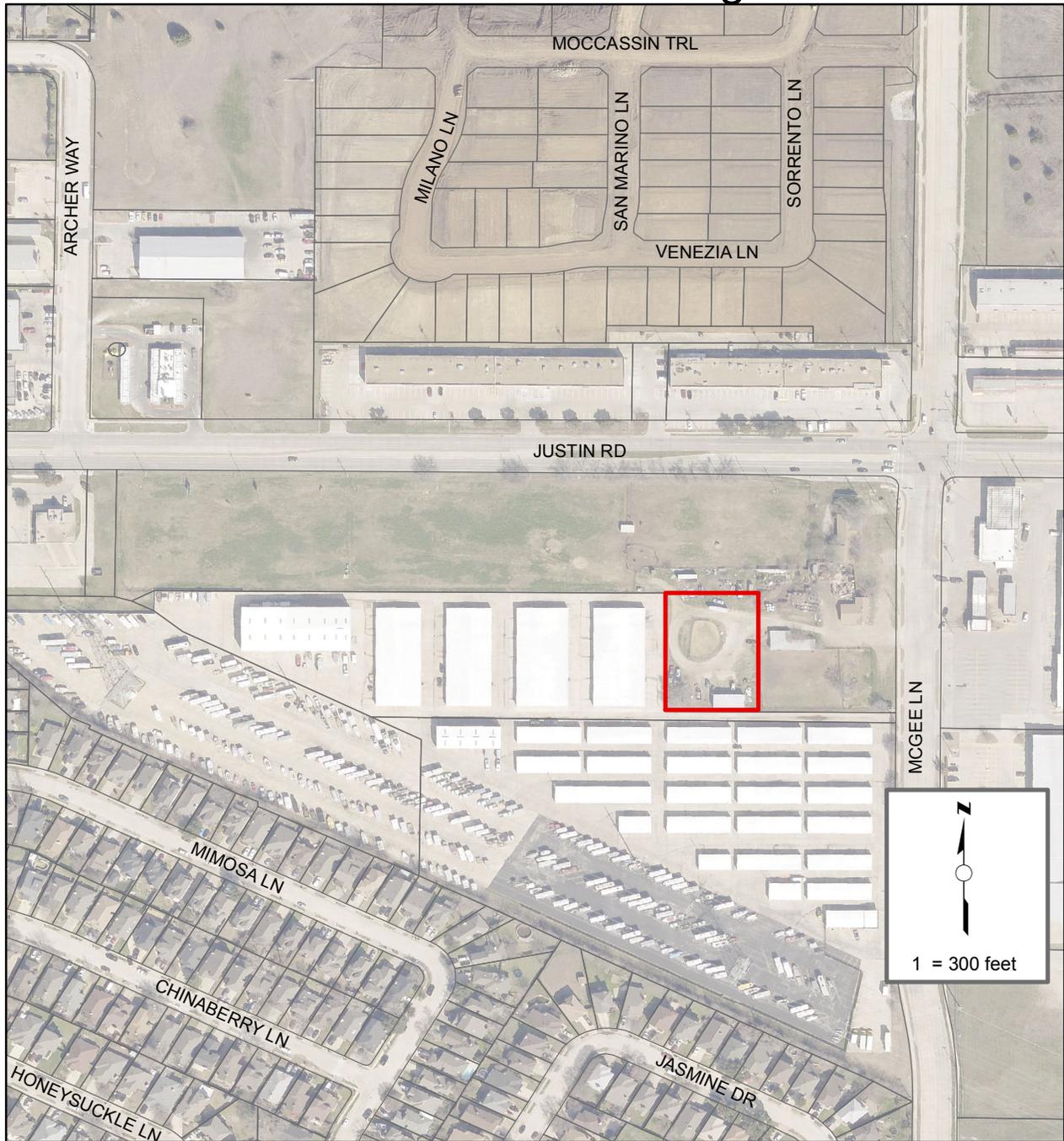
**APPLICANT:** G&A CONSULTANTS

**PROPERTY LOCATION:** SOUTHWEST QUADRANT OF MCGEE LANE AND FM 407 (0.801 ACRES)

**CURRENT ZONING:** LIGHT INDUSTRIAL (LI)

**PROPOSED USE:** SPECIAL USE PERMIT (SUP) FOR SELF STORAGE FACILITY

# Aerial- McGee Storage



**SUP CASE NO. SUP-2015-06-06**

**PROPERTY OWNER:** MCGEE LANE SELF STORAGE

**APPLICANT:** G&A CONSULTANTS

**PROPERTY LOCATION:** SOUTHWEST QUADRANT OF MCGEE LANE AND FM 407 (0.801 ACRES)

**CURRENT ZONING:** LIGHT INDUSTRIAL (LI)

**PROPOSED USE:** SPECIAL USE PERMIT (SUP) FOR SELF STORAGE FACILITY

**MINUTES  
PLANNING AND ZONING COMMISSION  
JUNE 16, 2015**

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**Item 3:**

Public Hearings for Zoning and Special Use Permits (SUP) were next on the agenda. There was one zone change request and two SUPs on the agenda for consideration.

- C. Consideration of a Special Use (SUP) for a self-storage facility; located at the southwest quadrant of McGee Lane and FM 407 (0.801 acres), on a portion of Lot 1R-2, Block C of the McGee Addition Phase III. The request is being made by G&A Consultants with permission from McGee Lane Self Storage, Inc. the property owner. (Case No. SUP-2015-06-06).

Mary Paron-Boswell, Senior Planner, gave a brief presentation on the proposed self-storage facility indicating the proposed revisions to the building and removing the externally accessed storage units. Ms. Paron-Boswell described the materials used and the location of the proposed building on the property.

Chairman Davis opened the Public Hearing to receive input from interested parties. Randi Rivera, land planner for G&A Consultants, spoke on behalf of the applicant. Ms. Rivera described the evolution of the project and the cooperation that the applicant exhibited in working with City staff. She noted that the applicant was on hand to answer any questions that the Planning Commission may have. There being no questions for the applicants from the Planning Commission or any others to speak on the item, the Public Hearing was then closed by Chairman Davis.

*A motion was made by Alvin Turner to recommend approval of the Special Use Permit as submitted, seconded by Steve Byars. The motion passed unanimously (6-0).*

D.

## **SECTION 17-23. - "LI" LIGHT INDUSTRIAL DISTRICT REGULATIONS**

- (a) *Use.* Buildings and premises may be used for retail, wholesale, office and service uses and campus style light manufacturing and industrial uses provided there is no dust, fumes, gas, noxious odor, smoke, glare, or other atmospheric influence beyond the boundaries of the property on which such use is located, and which produces no noise exceeding in intensity at the boundary of the property the average intensity of noise of street traffic at that point, and no more than ten percent (10%) of the total lot is used for outside storage, and further provided that such use does not create fire or explosive hazards on adjacent property.
- (1) Any use permitted in districts "LC" and "GB" as regulated in said districts.
  - (2) Apparel and other products assembled from finished textiles.
  - (3) Bottling works.
  - (4) Warehouse distribution facilities.
  - (6) Airport/Heliport (SUP required).
  - (7) Auto repair shops including body shops (SUP required).
  - (8) Church worship facilities.
  - (9) Buildings and uses owned or operated by public governmental agencies.
  - (10) Cemetery, mausoleum, crematorium & accessory uses (SUP required).
  - (11) Cosmetic manufacturer.
  - (12) Drugs and pharmaceutical products manufacturing.
  - (13) Private Utility Plants or Sub-stations (including alternative energy) (SUP required).
  - (14) Electronic products manufacturing.
  - (15) Fur good manufacture, but not including tanning or dyeing (SUP required).
  - (16) Gas and oil drilling accessory uses (SUP required).
  - (17) Glass products, from previously manufactured glass.
  - (18) Heavy equipment – outdoor rental/sales/service (SUP required).
  - (19) Household appliance products assembly and manufacture from prefabricated parts.
  - (20) Industrial and manufacturing plants including the processing or assembling of parts for production of finished equipment.
  - (21) Musical instruments assembly and manufacture.
  - (22) Paint, shellac and varnish manufacture (SUP required).
  - (23) Plastic products manufacture, but not including the processing of raw materials.
  - (24) Racing facilities (SUP required).
  - (25) Recreational Vehicle (RV) Park. (Private) (SUP required).
  - (26) Self storage/mini warehouse facility (SUP required).
  - (27) Shooting Range (indoor or outdoor) (SUP required.).
  - (28) Sporting and athletic equipment manufacture.
  - (29) Testing and research laboratories.
  - (30) Auction yard (vehicle) (SUP required).
  - (31) Communication towers (SUP required).
  - (32) Temporary buildings for uses incidental to construction work on the premises, which buildings shall be removed upon the completion or abandonment of construction work.
  - (33) Accessory buildings and uses customarily incidental to any of the above uses, provided that such not be objectionable because of odor, smoke, noise, vibration or similar nuisance. Open storage shall be considered an accessory use but no more than ten percent (10%) of the platted lot may be used for outside storage, including access and maneuvering areas for moving the stored items.
  - (34) Cemetery, columbarium, mausoleum and accessory uses (SUP required).
  - (35) Other uses similar to the above listed uses are allowed by special use permit (SUP) only, except that the following uses are specifically prohibited:
    - a. Acetylene gas manufacture or storage.
    - b. Acid manufacture.
    - c. Alcohol manufacture.
    - d. Ammonia, bleaching powder or chlorine manufacture.
    - e. Arsenal.
    - f. Asphalt manufacture or refining.
    - g. Blast furnace.
    - h. Bag cleaning, unless clearly accessory to the manufacture of bags.

- i. Boiler works.
- j. Brick, tile, pottery or terra cotta manufacture other than the manufacture of handcraft or concrete products.
- k. Reserved.
- l. Celluloid manufacture or treatment.
- m. Cement, lime, gypsum, or plaster of paris manufacture.
- n. Central mixing plant for cement.
- o. Coke ovens.
- p. Cotton gins.
- q. Cottonseed oil manufacture.
- r. Creosote manufacture or treatment.
- s. Disinfectants manufacture.
- t. Distillation of bones, coal or wood.
- u. Dyestuff manufacture.
- v. Exterminator and insect poison manufacture.
- w. Emery cloth and sandpaper manufacture.
- x. Explosives or fireworks manufacture or storage.
- y. Fat rendering.
- z. Fertilizer manufacture.
- aa. Fish smoking and curing.
- bb. Forge plant.
- cc. Garbage, offal or dead animals reduction or dumping.
- dd. Gas manufacture or storage, for heating or illuminating purposes.
- ee. Glue, size or gelatine manufacture.
- ff. Hatchery.
- gg. Iron, steel, brass or copper foundry or fabrication plant.
- hh. Junk, iron or rag storage or baling.
- ii. Match manufacture.
- jj. Lampblack manufacture.
- kk. Oilcloth or linoleum manufacture.
- ll. Oiled rubber goods manufacture.
- mm. Ore reduction.
- nn. Oil or turpentine manufacture.
- oo. Paper and pulp manufacture.
- pp. Petroleum or its products, refining or wholesale storage of.
- qq. Pickle manufacturing.
- rr. Planing mills.
- ss. Potash works.
- tt. Pyroxline manufacture.
- uu. Rock crusher.
- vv. Rolling mill.
- ww. Rubber or gutta-percha manufacture or treatment but not the making of articles out of rubber.
- xx. Sauerkraut manufacture.
- yy. Salt works.
- zz. Shoe polish manufacture.
- aaa. Smelting of tin, copper, zinc, or iron ores.
- bbb. Soap manufacture other than liquid soap.
- ccc. Soda and compound manufacture.
- ddd. Stock yard or slaughter of animals or fowls.
- eee. Stone mill or quarry.
- fff. Storage yard.
- ggg. Stove polish manufacture.
- hhh. Tallow grease or lard manufacture or refining from or of animal fat.
- iii. Tanning, curing or storage of raw hides or skins.
- jjj. Tar distillation or manufacture.
- kkk. Tar roofing or water-proofing manufacture.
- lll. Tobacco (chewing) manufacture or treatment.
- mmm. Vinegar manufacture.

- nnn. Wool pulling or scouring.
- ooo. Yeast plant.

(b) *Height.* No building shall exceed in height the width of the street on which it faces plus the depth of the front yard. In no event, however, shall the portion of a building located within one hundred fifty (150) feet of any property zoned for residential purposes exceed the height allowed in that residential zoning district.

(c) *Area.*

(1) *Size of yards.*

a. *Front yard.* There shall be a front yard having a minimum depth of twenty-five (25) feet. No parking, storage or similar use shall be allowed in required front yards in district "LI", except that automobile parking (including automobile dealer display parking) will be permitted in such yards if separated by at least twenty-five (25) feet from any residential district.

b. *Side yard.* A side yard of not less than fifteen (15) feet in width shall be provided on the side of a lot adjoining a side street. A side yard of not less than ten (10) feet in width shall be provided on the side of a lot adjoining a residential district. The required side yard shall be waived when a screening device is installed in accordance with the city's general development ordinance. The building itself can serve as a portion of the screening device when that portion of the building exterior is constructed of the same materials as the screening device. No parking, storage or similar use shall be allowed in any required side yard or in any side street yard adjoining a residential district.

c. *Rear yard.* No rear yard is required except that a rear yard of not less than fifty (50) feet in depth shall be provided upon that portion of a lot abutting or across a rear street from a residential district, except that such yard requirement shall not apply where the property in the residential district also backs up to the rear street. No parking, storage or similar use shall be allowed in required rear yards in district "LI" within twenty-five (25) feet of the rear property line.

(2) *Reserved.*

(d) *Outside storage regulations.* In all zoning districts where outside storage yards are allowed, such storage yards shall be screened from view in accordance with the standards outlined in the city's general development ordinance. This provision applies to all outside storage which began after the original date of passage of this provision (April 4, 1994). Any variance request involving the requirements or standards relating to such required screening devices shall be considered by the city council in accordance with the city's general development ordinance. Areas which are used for infrequent and temporary storage for a period of thirty (30) days or less per year shall not be deemed as "storage yards".

## **SECTION 17-29.5 - "SUP" SPECIAL USE PERMIT**

(a) *Purpose.*

The special use permit (SUP) provides a means for evaluating land uses identified in this ordinance to ensure compatibility with adjacent properties. The intent of the special use permit process is to allow consideration of certain uses that would typically be incompatible or intensely dominate the area in which they are located, but may become compatible with the provision of certain conditions and restrictions.

(b) *Application submittal and approval process.*

(1) Application for an SUP shall be processed like an application for rezoning. An application shall not be complete and shall not be scheduled for a public hearing unless the following are submitted along with the application:

- a. A scaled development plan depicting the items listed in Section 17-29.5(b)(2);
- b. A narrative explaining how the property and use(s) will function;
- c. Colored elevations of the building and other structures including dimensions and building materials;
- d. A Landscaping Plan, meeting the requirements of Section 6-124 of the Lewisville Code of Ordinances;
- e. A Tree Survey and Mitigation Plan if required by Section 6-125 of the Lewisville Code of Ordinances;
- f. Detailed elevations and descriptions of proposed signage;
- g. An exhibit illustrating any requested variances; and
- h. Any other information, drawings, operating data or expert evaluations that city staff determines are necessary to evaluate the compatibility criteria for the proposed use and development.

(2) The development plan submitted along with an SUP application must include the following:

- a. The layout of the site;
- b. A north arrow;
- c. A title block including project name, addition, lot, block, acreage, and zoning classification of the subject property;
- d. Name, address, and phone number for applicant, developer, owner, builder, engineer, and/or surveyor;
- e. Building location, property lines, and setbacks;
- f. Summary tables listing building square footage, required parking, and required landscaping;
- g. Locations of utility easements, if applicable;
- h. Zoning and ownership of adjacent properties;
- i. Easements, deed restrictions, or encumbrances that impact the property;
- j. Median openings, traffic islands, turning lanes, traffic signals, and acceleration and deceleration lanes;
- k. Streets, alleys, and easements adjacent to the site;
- l. Driveways and sidewalks;
- m. Parking configuration, including maneuvering lanes and loading areas;
- n. Location and details of dumpsters and screening devices; and
- o. Location of all proposed signage.

(3) Variances from the regulations of the city's General Development Ordinance may be granted at the discretion of the city council as part of the SUP approval. The granting of an SUP has no effect on uses permitted by right and does not waive the regulations of the underlying zoning district.

- (4) The planning and zoning commission or the city council may require additional information or drawings, operating data or expert evaluation or testimony concerning the location and characteristics of any building or uses proposed.
- (5) The planning and zoning commission, after holding a public hearing, shall recommend to the city council approval or denial of each SUP along with any recommended conditions. The city council shall review each case on its own merit, apply the compatibility criteria established herein, and if appropriate, grant the special use permit for said use(s).
- (6) Completion of a development plan for the SUP does not waive the requirement to provide an engineering site plan in accordance with the General Development Ordinance.

(c) *Compatibility criteria for approval.*

The planning and zoning commission shall not recommend approval of, and the city council shall not grant an SUP for a use except upon a finding that the use will:

- (1) complement or be compatible with the surrounding uses and community facilities;
- (2) contribute to, enhance, or promote the welfare of the area of request and adjacent properties;
- (3) not be detrimental to the public health, safety, or general welfare; and
- (4) conform in all other respects to all zoning regulations and standards.

(d) *SUP conditions.*

The planning and zoning commission may recommend and the city council may adopt reasonable conditions upon the granting of an SUP consistent with the purpose and compatibility criteria stated in this section. The development plan, however, shall always be attached to and made a condition of the SUP. The other documents submitted with the SUP application may also be made conditions of the SUP.

(e) *Amendments, enlargement, modifications or structural alterations.*

- (1) Except for minor amendments, all amendments, enlargements, modifications or structural alterations or changes to the development plan shall require the approval of a new SUP. The city manager or his designee may authorize minor amendments to the development plan that otherwise comply with the SUP ordinance and the underlying zoning and do not:
  - a. Alter the basic relationship of the proposed development to adjacent property;
  - b. Increase the maximum density or height shown on the original development plan;
  - c. Decrease the number of off-street parking spaces shown on the original development plan; and/or
  - d. Reduce setbacks at the boundary of the site as specified by a building or setback line shown on the original development plan.
- (2) For purposes of this subsection, "original development plan" means the earliest approved development plan that is still in effect, and does not mean a later amended development plan. For example, if a development plan was approved with the specific use permit and then amended through the minor amendment process, the original development plan would be the development plan approved with the specific use permit, not the development plan as amended through the minor amendment process. If, however, the development plan approved with the specific use permit was replaced through the zoning process, then the replacement development plan becomes the original development plan. The purpose of this definition is to prevent the use of several sequential minor amendments to circumvent the zoning amendment process.

- (3) Although the city manager or his designee has the authority to grant minor amendments to the development plan, they are not obligated to do so. The city manager or his designee shall always maintain the discretion to require city council approval if he feels that it is within the public's interest that city council consider the amendment, enlargement, modifications, or structural changes at a public hearing.

(f) *Compliance mandatory with written requirements.*

- (1) No special use permit shall be granted unless the applicant, owner, and grantee shall be willing to accept and agree to be bound by and comply with the written requirements attached to the development plan drawings and approved by the city council.
- (2) A special use permit shall be transferable from one owner or owners of the subject property to a new owner or occupant of the subject property, however all regulations and conditions of the SUP shall remain in effect and shall be applicable to the new owner or occupant of the property.

(g) *Timing.*

All development plans submitted for review will be on the city's active list for a period of 90 days from the date of each submittal. After the 90-day period, a project will be considered abandoned and removed from the file. A building permit shall be applied for and secured within 180 days from the time of approval of the special use permit provided that the city may allow a one-time extension of the SUP for another 180 days. A SUP shall expire six months after its approval or extension date if no building permits have been issued for the site or if a building permit has been issued but has subsequently lapsed. Work must be completed and operations commenced within 18 months of approval.

(h) *Zoning map.*

When the city council authorizes granting of a special use permit the official zoning district map shall be amended according to its legend to indicate that the affected area has conditions and limited uses, said amendment to indicate the appropriate zoning district for the approved use, and suffixed by an "SUP" designation. A log of all special use permits shall be kept by the city.

(i) *Rescind and terminate a special use permit.*

City council may rescind and terminate an SUP after a public hearing if any of the following occur:

- (1) That one or more of the conditions imposed by the SUP has not been met or has been violated.
- (2) The SUP was obtained through fraud or deception.
- (3) Ad valorem taxes on the property are delinquent by six months or more.
- (4) Disconnection or discontinuance of water and/or electrical services to the property.
- (5) Abandonment of the structure, lease space, lot, or tract of land for 180 days or more. (For the purpose of this section, "abandon" shall mean to surrender occupancy by vacating or ceasing to operate or inhabit such property.)

This Section (Office Use Only)	
Case:	
PZ:	CC:
Sign/s Picked Up By:	



**LEWISVILLE**  
Deep Roots. Broad Wings. Bright Future.

**SPECIAL USE PERMIT (SUP)  
 APPLICATION**

Owner/s (name): <u>Craig McGee</u>	
Company Name: <u>McGee Lane Self Storage</u>	
Mailing Address: <u>1850 McGee Lane Lewisville TX 75077</u>	
Work #: <u>972-317-3112</u>	Cell #: <u>214-803-8507</u>
E-Mail: <u>cs.mcgee@verizon.net</u>	
Owner Signature (Owner's Must Sign or Submit Letter of Authorization): <u>[Signature]</u>	Date: <u>3/12/15</u>
Printed Name: <u>Craig S. McGee</u>	

Applicant/Agent (name): <u>Randi Rivera</u>	
Company Name: <u>G + A Consultants</u>	
Mailing Address: <u>111 Hillside Drive, Lewisville TX 75057</u>	
Work #: <u>972-436-9712</u>	Cell #:
E-Mail: <u>randi@gacpn.com</u>	
Applicant/Agent Signature <u>[Signature]</u>	Date: <u>03/13/15</u>
Printed Name: <u>Randi Rivera</u>	

Current Zoning: <u>LI</u>	Requested Zoning: <u>LI with SUP</u>	Acres: <u>.801</u>
Legal Description (Lot/ Block/Tract/Abstract): <u>Lot 5, Block C</u>		
Address/Location: <u>Off of McGee Lane, near intersection of McGee and F.M. 407</u>		

Application and Sign Fees:

	Less than 1/2 acre	\$ 150.00		25 acres up to 49.99 acres	\$ 750.00
✓	1/2 acre up to 4.99 acres	\$ 250.00		50 acres up to 99.99 acres	\$1,000.00
	5 acres up to 24.99 acres	\$ 400.00		100 acres and more	\$1,500.00

Qty: <u>1</u>	SUP Signs - \$35 each. 1 sign required for each 5 acres (max. 5 per site)	\$ <u>35</u>
---------------	------------------------------------------------------------------------------	--------------

Sign(s) must be posted a minimum of ten (10) days prior to the Planning & Zoning hearing date.

Amount Due (application & sign fee)	\$ <u>285.00</u>
----------------------------------------	------------------





SITE PLANNING CIVIL ENGINEERING PLATTING  
**CONSULTANTS, INC.**  
LAND SURVEYING LANDSCAPE ARCHITECTURE

June 9, 2015

Nika Reinecke  
Director of Economic Development and Planning  
City of Lewisville  
151 W. Church Street  
Lewisville, TX 75057

**RE: McGee Storage Facility – Special Use Permit  
Letter of Intent  
G&A Job No. 14143**

Dear Ms. Reinecke:

Please accept this letter, on behalf of Mr. Craig McGee, as an explanation of the proposed Special Use Permit Request for approximately .801 acres of land generally located off of F.M. 407 and McGee Lane in Lewisville.

This site is currently zoned Light Industrial, which allows storage facilities with a Special Use Permit. We respectfully request a Special Use Permit to allow the construction of the third phase of the McGee Storage Facility. Any improvements to the property are expected to be completed in a single phase.

Mr. McGee would like to expand his existing storage facility to include a three-story, climate controlled self-storage building. The new addition will be considered part of the existing storage facility and patrons will enter the site via the existing gated entrance off McGee Lane, next to the McGee Storage Office. Although this building will be on its own separate lot, it will be an integrated addition to the existing facility and will be architecturally compatible to the existing buildings. The new building will have a total area of 53,700 square feet, approximately 75% of which will be storage space. All other space will dedicated to corridors, AHU closets, electrical rooms, stairs, and elevators.

In order to develop the addition to be compatible to the existing buildings and to be integrated into the facility, we respectfully request that the City consider two variances.

1. We are proposing a reduction of the off-street parking requirements set out in Sec. 6-162. (27) b. of the City of Lewisville City Ordinances which state:

*Self-storage buildings and facilities:*

*b. Climate controlled: One parking space for each 1,000 square feet of storage area.*

With the current standards, this building would require approximately 41 parking spaces. We believe that the demand for parking will be significantly less than the mandated amount, and that the proposed unloading zone layout and 20 spaces provided will adequately serve the site. In the case that there is a need for overflow parking, demand can be satisfied by spaces

located throughout the existing facility. We are willing to entertain a shared parking agreement between the two property owners in order to ensure that parking will be provided.

2. We are requesting a variance to the Parking Lot Landscape Requirement set out in Sec. 6-123 (d)(1)

*(d) Interior parking areas shall be landscaped in addition to the required landscaped strip. Trees must be provided in each parking lot spaced at a ratio of one shade tree (2.5" inch caliper minimum) for each 15 parking spaces provided, or any fraction thereof. These trees must be spaced a maximum of 15 parking spaces apart. In the case of mini warehouses, such parking spaces shall be determined by the number of parallel parking spaces contained in the required loading and unloading lanes. Additionally, interior parking lot landscaping shall be provided in accordance with the following table. Interior landscaping for mini warehouse parking may be planted on the interior or the perimeter of the property.*

We would like to propose that the exterior landscaping located along McGee Lane is sufficient, as the building addition is an extension of the existing storage facility and does not front onto FM 407 or McGee Lane.

Thank you in advance for your consideration of this request. Please do not hesitate to contact me with any questions or comments regarding this application.

Sincerely,



Randi L. Rivera, AICP

cc: Craig McGee

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

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LEWISVILLE, TEXAS AMENDING THE ZONING ORDINANCE OF THE CITY OF LEWISVILLE, TEXAS BY GRANTING A SPECIAL USE PERMIT FOR A SELF STORAGE FACILITY ON AN APPROXIMATELY 0.801-ACRE TRACT OF LAND ON A PORTION OF LOT 1R-2, BLOCK C, MCGEE ADDITION PHASE III, LOCATED ON THE SOUTHWEST QUADRANT OF FM 407 AND MCGEE LANE; AND ZONED LIGHT INDUSTRIAL (LI) DISTRICT; PROVIDING FOR SEVERABILITY; PROVIDING A PENALTY; PROVIDING A REPEALER; PROVIDING AN EFFECTIVE DATE; AND DECLARING AN EMERGENCY.**

**WHEREAS**, applications were made requesting approval of a Special Use Permit for a self storage facility by making applications for same with the Planning and Zoning Commission of the City of Lewisville, Texas, as required by state statutes and the Zoning Ordinances of the City of Lewisville, Texas; said Planning and Zoning Commission has recommended that the Special Use Permit on the approximately 0.801-acre property described in the attached Exhibit “A” (the “Property”) be **approved**; and

**WHEREAS**, this application for a Special Use Permit comes before the City Council of the City of Lewisville, Texas (the “City Council”) after all legal notices, requirements, conditions and prerequisites have been met; and

**WHEREAS**, the City Council at a public hearing has determined that the proposed use, subject to the condition(s) stated herein: (1) compliments or is compatible with the surrounding uses and community facilities; (2) contributes to, enhances, or promotes the welfare of the area of request and adjacent properties; (3) is not detrimental to the public health, safety, or general welfare; and (4) conforms in all other respects to all zoning regulations and standards.

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

**SECTION 1. FINDINGS INCORPORATED.** The findings set forth above are incorporated into the body of this ordinance as if fully set forth herein.

**SECTION 2. SPECIAL USE PERMIT GRANTED.** Subject to the conditions provided for herein, applicant is granted a Special Use Permit to allow a Self Storage Facility on the Property, which is zoned Light Industrial (LI).

**SECTION 3. CONDITIONS OF SPECIAL USE PERMIT.** The Property shall be developed and maintained:

1. in compliance with the letter of intent, development plan, and conceptual elevation design, attached hereto as Exhibit B; and
2. in accordance with all federal, state, and local laws and regulations.

**SECTION 4. CORRECTING OFFICIAL ZONING MAP.** The City Manager, or her designee, is hereby directed to correct the official zoning map of the City of Lewisville, Texas, to reflect this Special Use Permit.

**SECTION 5. COMPLIANCE WITH ALL OTHER MUNICIPAL REGULATIONS.** The Property shall comply with all applicable municipal ordinances, as amended. In no way shall this Special Use Permit be interpreted to be a variance to any municipal ordinance.

**SECTION 6. RESCINDING AND TERMINATION.** The City Council may rescind and terminate the Special Use Permit after a public hearing if any of the following occur:

1. One or more of the conditions imposed by the Special Use Permit have not been met or have been violated.
2. The Special Use Permit was obtained through fraud or deception.
3. Ad valorem taxes on the property are delinquent by six months or more.
4. Disconnection or discontinuance of water and/or electrical services to the property.
5. Abandonment of the structure, lease space, lot, or tract of land for 180 days or more.

**SECTION 7. REPEALER.** Every ordinance or parts of ordinances found to be in conflict herewith are here by repealed.

**SECTION 8. SEVERABILITY.** If any section, sentence, clause, or phrase of this ordinance shall for any reason be held to be invalid, such decision shall not affect the validity of the remaining sections, sentences, clauses, or phrases of this ordinance, but they shall remain in effect.

**SECTION 9. PENALTY.** Any person, firm or corporation who violates any provisions of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof in the Municipal Court, shall be subject to a fine of not more than \$2,000.00 for each offense, and each and every day such offense is continued shall constitute a new and separate offense.

**SECTION 10. EFFECTIVE DATE.** This Ordinance shall take effect and be in full force and effect from and after the date of its passage and publication as required by law.

**SECTION 11. EMERGENCY.** It being for the public welfare that this Ordinance be passed creates an emergency and public necessity and the rule requiring this Ordinance be read on three separate occasions be, and the same is hereby, waived and this Ordinance shall be in full force and effect from and after its passage and approval and publication, as the law in such cases provides.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF LEWISVILLE, TEXAS, BY A VOTE OF \_\_\_\_ TO \_\_\_\_, ON THIS THE 20TH DAY OF JULY, 2015.**

**APPROVED:**

\_\_\_\_\_  
Rudy Durham, MAYOR

**ATTEST:**

\_\_\_\_\_  
Julie Heinze, CITY SECRETARY

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lizbeth Plaster, CITY ATTORNEY

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

Page 5

Exhibit A  
Property Boundary Description

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

**Page 6**

Exhibit B  
Letter of Intent  
Development Plan  
Conceptual Elevation Design

**LEGAL DESCRIPTION**  
**0.801 ACRES**

Being all that certain lot, tract or parcel of land situated in the L. N. Sparks Survey, Abstract Number 1135, City of Lewisville, Denton County, Texas, and being all of that certain Lot 1R-2, Block C, McGee Addition, Phase III, an addition to the City of Lewisville, Denton County, Texas according to the plat thereof recorded in Cabinet N, Page 234 of the Plat Records, Denton County, Texas;

**COMMENCING** at a 1/2" capped rebar set (G&A) at the southeast corner of said Lot 1R-2, being the most easterly northeast corner of Lot 2R-2, Block C, of said McGee Addition, Phase I and being on the west line of McGee Lane (called 70' right-of-way);

**THENCE** S 89°53'23" W, 202.60 feet with the north line of said Lot 2R-2 and the south line of said Lot 1R-2 to the **POINT OF BEGINNING**;

**THENCE** continuing with the common line between Lot 1R-2 and Lot 2R-2 the following:

S 89°53'23" W, 140.00 feet to a 1/2" capped rebar set (G&A);

with an arc of a tangent curve to the right having a central angle of 90°00'00", a radius of 20.00 feet and an arc length of 31.42 feet whose chord bears N 45°06'37" E, 28.28 feet to a 1/2" capped rebar set (G&A);

N 00°06'37" W, 200.00 feet to a 1/2" capped rebar set (G&A);

**THENCE** over and across said Lot 1R-2 the following:

N 89°53'23" E, 160.00 feet to a 1/2" capped rebar set (G&A);

S 00°06'37" E, 200.00 feet to the **POINT OF BEGINNING** and containing 0.801 acres of land.



SITE PLANNING CIVIL ENGINEERING PLATTING  
**CONSULTANTS, INC.**  
LAND SURVEYING LANDSCAPE ARCHITECTURE

June 9, 2015

Nika Reinecke  
Director of Economic Development and Planning  
City of Lewisville  
151 W. Church Street  
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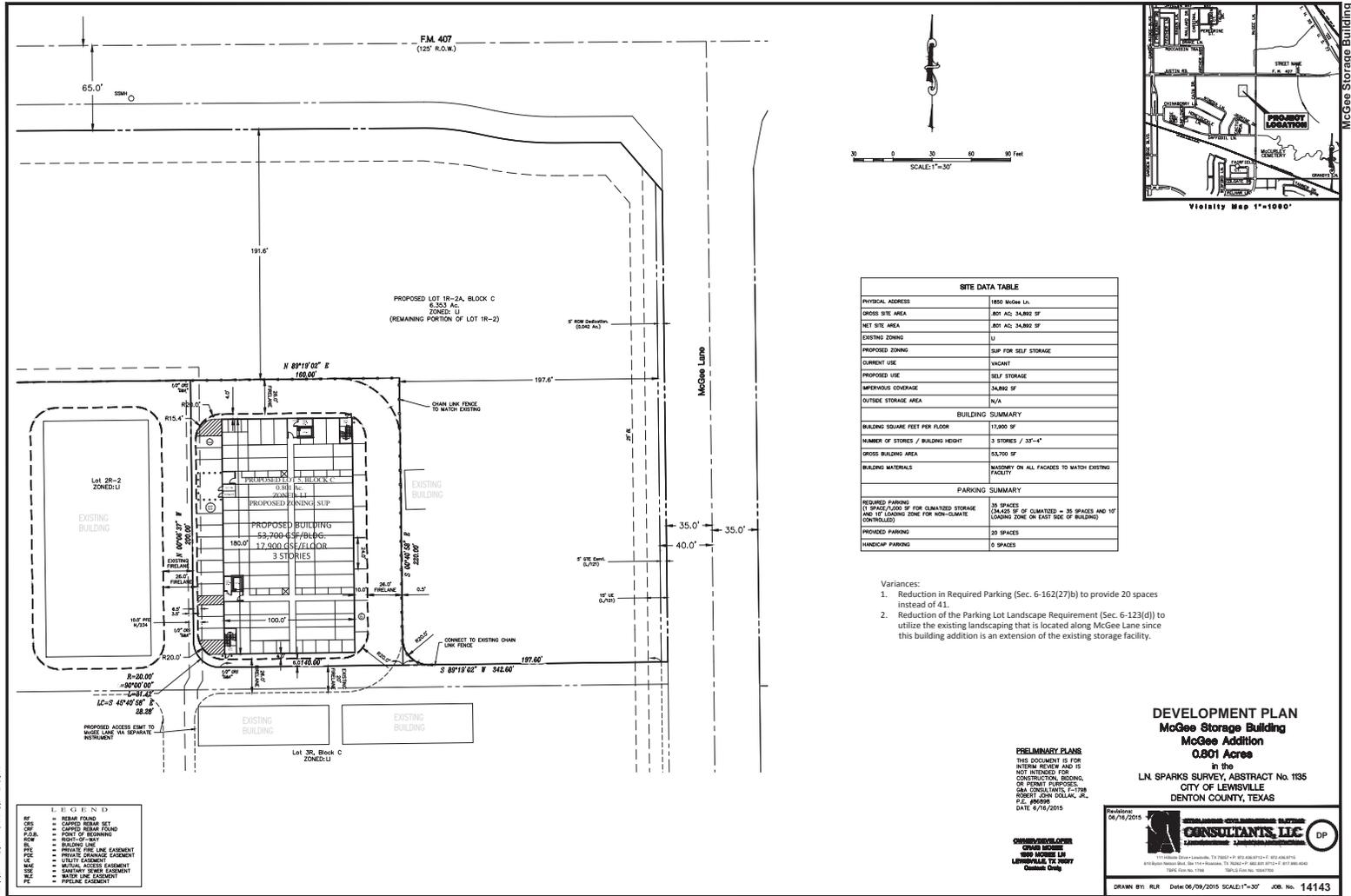
Thank you in advance for your consideration of this request. Please do not hesitate to contact me with any questions or comments regarding this application.

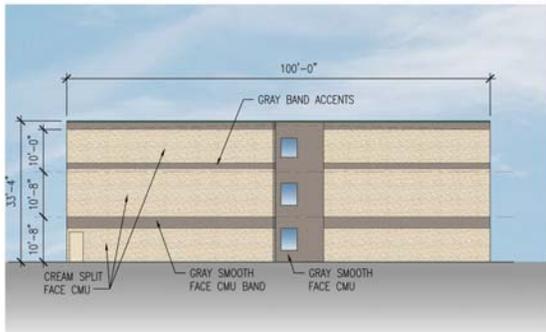
Sincerely,



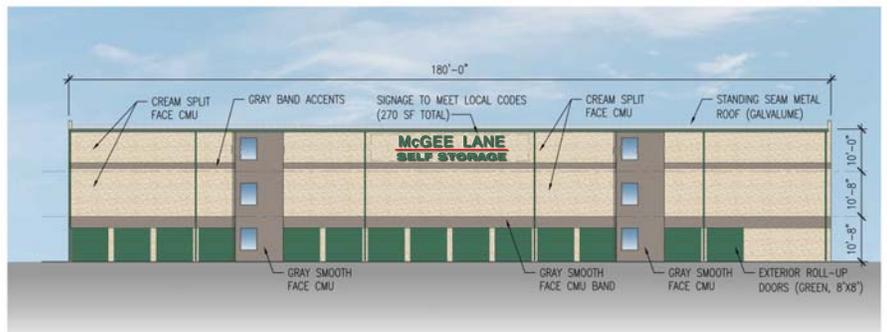
Randi L. Rivera, AICP

cc: Craig McGee

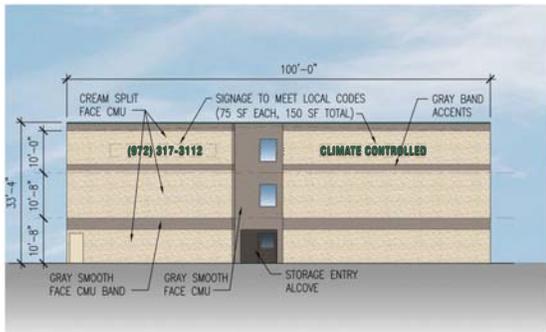




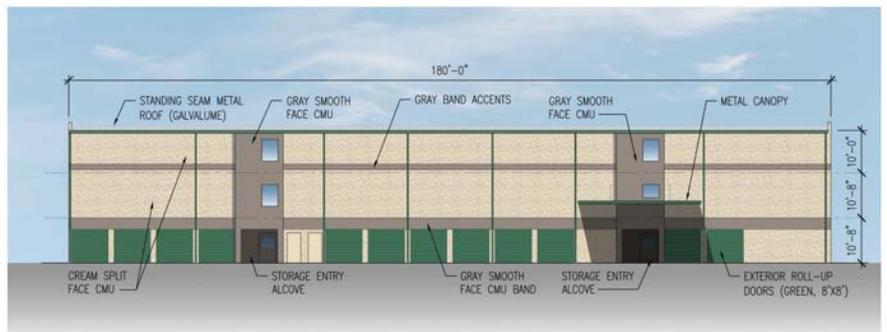
SOUTH ELEVATION



EAST ELEVATION  
 (McGEE LANE)



NORTH ELEVATION  
 (FM 407)



WEST ELEVATION

80% MINIMUM OF BUILDING ELEVATION WILL BE SPLIT FACE BLOCK.

**McGEE STORAGE ADDITION**

06.15.15

SCALE: 3/32" = 1'-0"

## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** Nika Reinecke, Director of Economic Development and Planning

**DATE:** July 20, 2015

**SUBJECT:** **Public Hearing: Consideration of an Ordinance Granting a Zone Change From Multi-Family Two (MF-2) District to Medical District (MD); on a 7.317-Acre Lot, Legally Described as Lot 1R, Block B, Crossroads Centre South Addition; Located at the Northwest Corner of Windhaven Parkway and Cookie Lane at 2500 Windhaven Parkway, as Requested by Discovery Senior Living, the Property Owner (Case No. PZ-2015-07-10).**

### **BACKGROUND**

A 151-unit senior independent living center was constructed on this site in 2007. A second building with 24 additional units is currently under construction. The current property owner has purchased the adjacent 2.782-acre property to the northeast with plans to construct two additional buildings; one with 31 senior independent living units and the second being a 60-bed assisted living facility.

### **ANALYSIS**

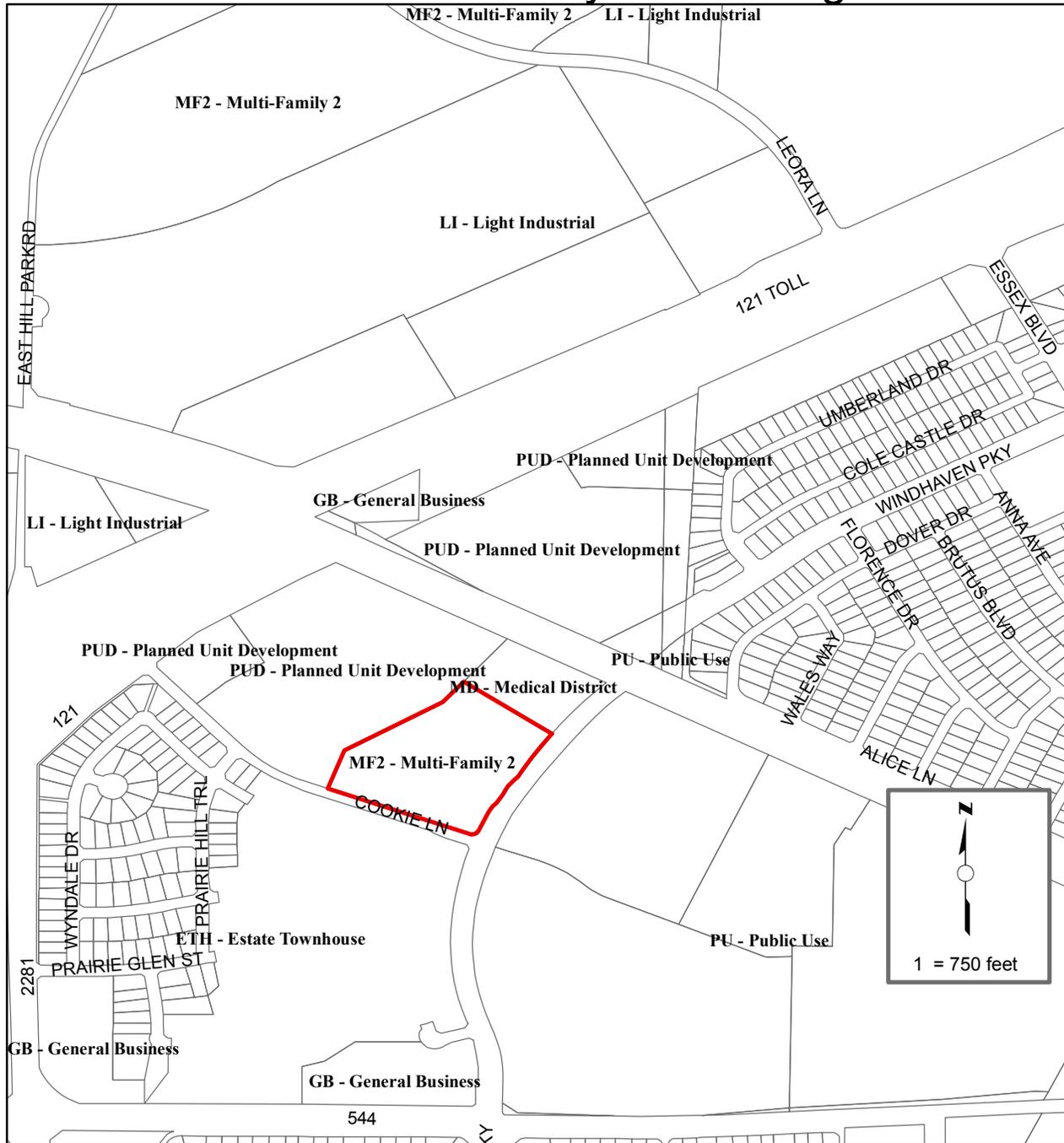
The adjacent 2.782-acre property to the northeast is zoned Medical District (MD), which allows independent living and assisted living centers, nursing homes and convalescent homes. The property owner plans to replat the two properties into one lot. The requested zoning change would bring the entire future site under the Medical District zoning, which will provide consistency for all applicable development standards.

On July 7, 2015, the Planning and Zoning Commission recommended unanimous approval (6-0) of the zone change.

### **RECOMMENDATION**

It is City Staff's recommendation that the City Council approve the proposed ordinance as set forth in the caption above.

# Location- Discovery Stonebridge



**ZONING CASE NO. PZ-2015-07-10**

**OWNER NAME:** DISCOVERY SENIOR LIVING

**PROPERTY LOCATION:** THE NORTHWEST CORNER OF WINDHAVEN PARKWAY AND COOKIE LANE AT 2500 WINDHAVEN PARKWAY; FURTHER IDENTIFIED AS LOT 1R, BLOCK B OF THE CROSSROADS CENTRE SOUTH ADDITION (7.317 ACRES)

**CURRENT ZONING:** MULTI-FAMILY TWO (MF-2)

**PROPOSED ZONING:** MEDICAL DISTRICT (MD)

# Aerial- Discovery Stonebridge



**MINUTES**  
**PLANNING AND ZONING COMMISSION**  
**JULY 7, 2015**

---

**Item 5:**

Public Hearings for Zoning and Special Use Permits (SUP) were next on the agenda. There was one zone change request and one SUP on the agenda for consideration.

- A. Consideration of a zone change request from Multi-Family Two (MF-2) District to Medical District (MD); on a 7.317-acre lot, legally described as Lot 1R, Block B, Crossroads Centre South Addition; located at the northwest corner of Windhaven Parkway and Cookie Lane at 2500 Windhaven Parkway. The request is being made by Discovery Senior Living, the property owner. (Case No. PZ-2015-07-10).

Staff gave a brief presentation on the zone change request indicating the owners had purchased this property and the adjacent property already zoned Medical District with plans to expand their operations. The public hearing was opened and there being no one present to speak, the public hearing was then closed. A motion was made by Brandon Jones to recommend approval of the zone change request, seconded by Kristin Green. The motion passed unanimously (6-0).

## **SECTION 17-16. - "MF-2" MULTI-FAMILY TWO DISTRICT REGULATIONS**

- (a) *Use.* A building or premise shall be used only for the following purposes:
- (1) Multi-family dwellings.
  - (2) Dormitories for students.
  - (3) Fraternity or sorority house.
  - (4) Nursing and convalescent homes.
  - (5) Day nurseries.
  - (6) Church worship facilities.
  - (7) Buildings and uses owned or operated by public governmental agencies.
  - (8) Schools, private, with full curriculum accredited by the State of Texas equivalent to that of a public elementary or high school.
  - (9) Temporary buildings for uses incidental to construction work on the premises, which buildings shall be removed upon the completion or abandonment of construction work.
  - (10) Accessory buildings and uses, customarily incidental to the above uses, and located on the same lot therewith, not involving the conduct of a retail business except as provided herein.
  - (11) Private Utility Plants or Sub-stations (including alternative energy) (SUP required).
  - (12) Gas and oil drilling accessory uses (SUP required).
  - (13) Cemetery, columbarium, mausoleum and accessory uses (SUP required).
- (b) *Height.* No building shall exceed forty-five (45) feet or three (3) stories in height, except that a building may be erected to a height of eighty (80) feet and eight (8) stories if set back from all required yard lines a distance of one (1) foot for each two (2) feet of additional height above forty-five (45) feet.
- (c) *Area.*
- (1) *Size of yards.*
    - a. *Front yard.* There shall be a front yard having a required depth of not less than twenty-five (25) feet. Furthermore, required parking shall not be allowed within the required front yard.
    - b. *Side yard.* There shall be a side yard on each side of the lot having a width of not less than twenty-five (25) feet.
    - c. *Rear yard.* There shall be a rear yard having a depth of not less than twenty-five (25) feet.
  - (2) *Size of lot.*
    - a. *Lot area.* No building shall be constructed on any lot of less than forty-five hundred (4500) square feet. No building containing two (2) or more dwelling units shall be constructed on any lot of less than nine thousand (9,000) square feet.
    - b. *Lot width.* The width of the lot shall not be less than fifty (50) feet at the front street building line, nor shall its average width be less than fifty (50) feet.
    - c. *Lot depth.* The average depth of the lot shall not be less than one hundred (100) feet, except that a corner lot, having a minimum width of not less than eighty (80) feet, may have an average depth of less than one hundred (100) feet provided that the minimum depth is not less than eighty (80) feet.
    - d. *[Exception]* Where a lot having less area, width and/or depth than herein required existed in separate ownership upon the effective date of this ordinance the above regulations shall not prohibit the erection of a one-family dwelling thereon.
  - (3) *Minimum dwelling size.*
    - a. The minimum floor area of each two (2), three (3), or four (4) family dwelling unit shall contain a minimum of seven hundred fifty (750) square feet of liveable floor

space, exclusive of garages, porches, breezeways, entry halls or incidental storage, for each family to be housed in said building.

- b. Every other building or portion thereof hereafter erected, reconstructed, altered or enlarged shall contain an average of seven hundred fifty (750) square feet and a minimum of five hundred (500) square feet of livable floor space, exclusive of garages, porches, breezeways, entry halls or incidental storage for each family to be housed in said building.
  - c. The seven hundred fifty (750) square feet average shall apply to the total number of units to be constructed under the same building permit where five or more buildings are to be erected under the same building permit.
- (4) *Lot coverage.* In no case shall more than fifty percent (50%) of the total lot area be covered by the combined area of the main buildings and accessory buildings.
- (5) *Density.* In no case shall the density of units per platted acre exceed twenty-four (24) units per acre. Drainage right-of-way which is dedicated to the city as a condition for development may be included in the total area for computing density. Otherwise, density shall be based on the size of the platted lot.

## **SECTION 17-20. - "MD" MEDICAL DISTRICT REGULATIONS**

- (a) *Use.* A building or premise shall be used only for the following purposes:
- (1) Day nursery or day care center.
  - (2) Nursing home or convalescent home.
  - (3) Assisted living or independent living units, limited to persons age 55 and above and including programs such as on-site meals, on-site doctor visits, medication management, organized fitness programs, housekeeping services, laundry services, craft and game programs, transportation to doctors and shopping, beauty and barber services, on-site entertainment and similar activities for senior citizens.
  - (4) Institution for care of alcoholic, narcotic, or psychiatric patients.
  - (5) Clinic: medical, dental or optical.
  - (6) Laboratory: medical, dental or optical.
  - (7) Laboratory: scientific research or testing.
  - (8) Retail sales and services for medical appliances.
  - (9) Florist.
  - (10) Drug store or pharmacy.
  - (11) Optical sales and service.
  - (12) Offices: medical, dental or optical.
  - (13) Hospital.
  - (14) Church worship facilities.
  - (15) Buildings and uses owned or operated by public governmental agencies.
  - (16) Uses similar to the above mentioned permitted uses, provided activities conducted observe the requirements of all city ordinances.
  - (17) Temporary buildings for uses incidental to construction work on the premises, which buildings shall be removed upon the completion or abandonment of construction work.
  - (18) Accessory buildings and uses customarily incidental to any of the above uses, provided that such not be objectionable because of odor, smoke, dust, noise, vibration or similar nuisance.
  - (19) Private Utility Plants or Sub-stations (including alternative energy) (SUP required).
  - (20) Gas and oil drilling accessory uses (SUP required).
  - (21) Cemetery, columbarium, mausoleum and accessory uses (SUP required).
- (b) *Height.* The maximum height for the main buildings shall not exceed one hundred (100) feet. In no event, however, shall the portion of a building located within one hundred fifty (150) feet of any property zoned for residential purposes exceed the height allowed in that residential zoning district.
- (c) *Area.*
- (1) *Size of yards.*
    - a. *Front yard.*
      1. There shall be a minimum front yard having a depth of not less than forty (40) feet adjacent to any street with a right-of-way of one hundred (100) feet or more.
      2. There shall be a minimum front yard having a depth of not less than thirty (30) feet adjacent to any street with a right-of-way less than one hundred (100) feet.
      3. Lots having double frontage, running through from one street to another, shall provide the required setback from both streets.
    - b. *Side yard.* There shall be a minimum side yard of ten (10) feet on each side of the lot or tract on which any single building or building complex is constructed.
    - c. *Rear yard.* No rear yard is required except, that a rear yard of not less than twenty-five (25) feet in depth shall be provided upon that portion of a lot abutting or across a rear street from a residential district, except that such yard requirement shall not apply where the property in the residential district also backs up to the rear street.

The required rear yard shall be waived when a screening device is installed in accordance with the city's general development ordinance. The building itself can serve as a portion of the screening device when that portion of the building exterior is constructed of the same materials as the screening device.

(2) *Reserved.*

This Section (Office Use Only)	
Case:	
PZ:	CC:
Sign/s Picked Up By:	6/1/15 ✓



**LEWISVILLE**  
TEXAS

**ZONE CHANGE APPLICATION**

Owner/s (name): Thomas J. Harrison	
Company Name: Discovery Senior Living	
Mailing Address: 3301 Bonita Beach Rd Suite 113, Bonita Springs, FL 34134	
Work #: 239-908-2921	Cell #:
E-Mail: THarrison@discoverygmt.com / TKaminski@discoverygmt.com	
Owner Signature (Owner/s Must Sign or Submit Letter of Authorization): <i>Thomas Harrison</i>	Date: 5/18/15
Printed Name: Thomas Harrison	

Applicant/Agent (name): Hillary VonAhsen	
Company Name: Kimley-Horn and Associates	
Mailing Address: 12750 Merit Dr. Suite 1000, Dallas, TX 75251	
Work #: 972-770-1300	Cell #:
E-Mail: hillary.vonahsen@kimley-horn.com	
Applicant/Agent Signature	Date:
Printed Name:	

Current Zoning: MF-2	Requested Zoning: MD	Acres: 7.317
Legal Description (Lot/ Block/Tract/Abstract): Lot 12, Block B, Crossroads Centre South Addition, Buffalo Bayou, Brazos and Colorado Railroad Company Survey, Astract No. 180		
Address/Location: 2500 Windhaven Pkwy, Lewisville, TX 75056		

Application and Sign Fees:

	Less than 1/2 acre	\$ 150.00
	1/2 acre up to 4.99 acres	\$ 250.00
X	5 acres up to 24.99 acres	\$ 400.00

	25 acres up to 49.99 acres	\$ 750.00
	50 acres up to 99.99 acres	\$1,000.00
	100 acres and more	\$1,500.00

Qty: 2	Zone Change Signs - \$35 each. 1 sign required for each 5 acres (max. 5 per site)	\$ 70.00
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Sign(s) must be posted a minimum of ten (10) days prior to the Planning & Zoning hearing date.

Amount Due (application & sign fee)	\$ 470.00
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ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LEWISVILLE, TEXAS, AMENDING THE ZONING ORDINANCE OF THE CITY OF LEWISVILLE, TEXAS BY REZONING AN APPROXIMATELY 7.317-ACRE LOT, LEGALLY DESCRIBED AS LOT 1R, BLOCK B, CROSSROADS CENTRE SOUTH ADDITION, LOCATED ON THE NORTHWEST CORNER OF WINDHAVEN PARKWAY AND COOKIE LANE, AT 2500 WINDHAVEN PARKWAY, FROM MULTI-FAMILY TWO (MF-2) DISTRICT ZONING TO MEDICAL DISTRICT (MD) ZONING; CORRECTING THE OFFICIAL ZONING MAP; PRESERVING ALL OTHER PORTIONS OF THE ZONING ORDINANCE; PROVIDING A CLAUSE RELATING TO SEVERABILITY; DETERMINING THAT THE PUBLIC INTERESTS AND GENERAL WELFARE DEMAND THIS ZONING CHANGE AND AMENDMENT THEREIN MADE; PROVIDING A PENALTY; AND DECLARING AN EMERGENCY.**

**WHEREAS**, applications were made to amend the Official Zoning Map of Lewisville, Texas by making applications for same with the Planning and Zoning Commission of the City of Lewisville, Texas, as required by State statutes and the Zoning Ordinances of the City of Lewisville, Texas, said Planning and Zoning Commission has recommended that rezoning of the approximately 7.317-acre property described in the attached Exhibit “A” (the “Property”) be **approved**, and all the legal requirements, conditions and prerequisites having been complied with, the case having come before the City Council of the City of Lewisville, Texas, after all legal notices, requirements, conditions and prerequisites having been complied with; and,

**WHEREAS**, the City Council of the City of Lewisville, Texas, at a public hearing called by the City Council of the City of Lewisville, Texas, did consider the following factors in making a determination as to whether this requested change should be granted or denied: effect on the congestion of the streets; the fire hazards, panics and other dangers possibly present in the securing

of safety from same; the effect on the promotion of health and the general welfare; effect on adequate light and air; the effect on the overcrowding of the land; the effect of the concentration on population; the effect on the transportation, water, sewerage, schools, parks and other public facilities; and,

**WHEREAS**, the City Council further considered among other things the character of the district and its peculiar suitability for particular uses and with the view to conserve the value of buildings, encourage the most appropriate use of land throughout this City; and,

**WHEREAS**, the City Council of the City of Lewisville, Texas, does find that there is a public necessity for the zoning change, that the public interest clearly requires the amendment, that the zoning changes do not unreasonably invade the rights of adjacent property owners; and,

**WHEREAS**, the City Council of the City of Lewisville, Texas, does find that the change in zoning lessens the congestion in the streets; helps secure safety from fire, panic and other dangers; promotes health and the general welfare; provides adequate light and air; prevents the overcrowding of land; avoids undue concentration of population; facilitates the adequate provisions of transportation, water, sewerage, schools, parks and other public requirements; and,

**WHEREAS**, the City Council of the City of Lewisville, Texas, has determined that there is a necessity and need for this change in zoning and has also found and determined that there has been a change in the conditions of the property surrounding and in close proximity to the Property since it was originally classified and, therefore, feels that a change in zoning classification for the Property is needed, is called for, and is in the best interest of the public at large, the citizens of the City of Lewisville, Texas, and helps promote the general health, safety, and welfare of this community.

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

**SECTION 1.** The Zoning Ordinance of the City of Lewisville, Texas, be, and the same is hereby amended and changed in that the zoning of the Property is hereby changed to **MEDICAL DISTRICT (MD) ZONING.**

**SECTION 2.** The City Manager, or her designee, is hereby directed to correct the official zoning map of the City of Lewisville, Texas, to reflect this change in zoning.

**SECTION 3.** That in all other respects the use of the tract or tracts of land hereinabove described shall be subject to all the applicable regulations contained in said City of Lewisville Zoning Ordinance and all other applicable and pertinent ordinances of the City of Lewisville, Texas.

**SECTION 4.** That the zoning regulations and districts as herein established have been made in accordance with the comprehensive plan for the purpose of promoting health, safety, and the general welfare of the community. They have been designed with respect to both present conditions and the conditions reasonably anticipated to exist in the foreseeable future, to lessen congestion in the streets; to secure safety from fire, panic, flood and other dangers; provide adequate light and air; to prevent overcrowding of land, to avoid undue concentration of population; facilitate the adequate provisions of transportation, water, sewage, parks and other public requirements, and to make adequate provisions for the normal business, commercial needs and development of the community. They have been made with reasonable consideration, among other things of the character of the district, and its peculiar suitability for the particular uses and with a view of conserving the value of buildings and encouraging the most appropriate use of land throughout the community.

**SECTION 5.** This Ordinance shall be cumulative of all other ordinances of the City of Lewisville, Texas, affecting zoning and shall not repeal any of the provisions of said ordinances, except in those instances where provisions of those ordinances which are in direct conflict with the provisions of this Ordinance.

**SECTION 6.** That the terms and provisions of this Ordinance shall be deemed to be severable and that if the validity of the zoning affecting any portion of the Property shall be declared to be invalid, the same shall not affect the validity of the zoning of the balance of the tract or tracts of land described herein.

**SECTION 7.** Any person, firm or corporation who violates any provision of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof in the Municipal Court, shall be subject to a fine of not more than \$2,000.00 for each offense, and each and every day such offense is continued shall constitute a new and separate offense.

**SECTION 8.** The fact that the present Zoning Ordinance and regulations of the City of Lewisville, Texas are inadequate to properly safeguard the health, safety, peace and general welfare of the inhabitants of the City of Lewisville, Texas, creates an emergency for the immediate preservation of the public business, property, health, safety and general welfare of the public which requires that this Ordinance shall become effective from and after the date of its final passage, and it is accordingly so ordained.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF LEWISVILLE, TEXAS, BY A VOTE OF \_\_\_\_\_ TO \_\_\_\_\_, ON THIS THE 20TH DAY OF JULY, 2015.**

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

**Page 5**

**APPROVED:**

\_\_\_\_\_  
Rudy Durham, MAYOR

**ATTEST:**

\_\_\_\_\_  
Julie Heinze, CITY SECRETARY

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lizbeth Plaster, CITY ATTORNEY

## LEGAL DESCRIPTION

**BEING** a tract of land situated in the Buffalo Bayou, Brazos and Colorado Railroad Company Survey, Abstract No. 180, City of Lewisville, Denton County, Texas, and being all of Lot 1, Block B, Crossroad Centre South Addition, an addition to the City of Lewisville according to the plat recorded in Cabinet X, Slide 580 of the Plat Records of Denton County, Texas, and being all of that tract of land described in Special Warranty Deed to Lewisville Senior Housing I Propco, L.P. recorded in Instrument No. 2014-68259 of the Official Records of Denton County, Texas, and being more particularly described as follows:

**BEGINNING** at a "X" cut in concrete found at the north end of a right-of-way corner clip at the intersection of the northeast right-of-way line of Cookie Lane (a variable width right-of-way) and the northwest right-of-way line of Windhaven Parkway (a variable width right-of-way);

**THENCE** with said right-of-way corner clip, South  $65^{\circ}14'43''$  West, a distance of 17.58 feet to a "X" cut in concrete found for corner in said northeast right-of-way line of Cookie Lane;

**THENCE** with said northeast right-of-way line of Cookie Lane, the following courses and distances:

North  $70^{\circ}21'19''$  West, a distance of 278.95 feet to a 5/8-inch iron rod found at the beginning of a tangent curve to the right having a central angle of  $14^{\circ}04'11''$ , a radius of 188.00 feet, a chord bearing and distance of North  $63^{\circ}19'13''$  West, 46.05 feet;

In a northwesterly direction, with said curve to the right, an arc distance of 46.17 feet to a 5/8-inch iron rod found at the beginning of a reverse curve to the left having a central angle of  $14^{\circ}04'12''$ , a radius of 212.00 feet, a chord bearing and distance of North  $63^{\circ}19'13''$  West, 51.93 feet;

In a northwesterly direction, with said curve to the left, an arc distance of 52.06 feet to a 5/8-inch iron rod with "KHA" cap set at the end of said curve;

North  $70^{\circ}21'19''$  West, a distance of 134.35 feet to a 5/8-inch iron rod found for corner;

South  $77^{\circ}24'22''$  West, a distance of 22.50 feet to a 5/8-inch iron rod found for corner;

North  $70^{\circ}21'19''$  West, a distance of 65.62 feet to a 5/8-inch iron rod found for the south corner of a tract of land described in Special Warranty Deed with Vendor's Lien to JTL/TPRF III Lewisville Crossroads, L.P. recorded in Instrument No. 2012-69811 of said Official Public Records;

**THENCE** departing said northeast right-of-way line of Cookie Lane and with the southeast line of said JTL/TPRF III Lewisville Crossroads, L.P. tract, the following courses and distances:

North  $19^{\circ}38'41''$  East, a distance of 177.80 feet to a "X" cut in concrete found for corner;

North  $57^{\circ}58'32''$  East, a distance of 435.23 feet to a PK-nail found for corner;

North  $38^{\circ}51'44''$  East, a distance of 130.17 feet to a 5/8-inch iron rod with "KAZ" cap found for the west corner of a tract of land described in General Warranty Deed to Gifts to Endure, L.P. recorded in Instrument No. 2012-63159 of said Official Public Records;

**THENCE** departing said southeast line of the JTL/TPRF III Lewisville Crossroads, L.P. tract and with the southwest line of said Gifts to Endure, L.P. tract, South  $55^{\circ}20'59''$  East, a distance of 426.38 feet to a 5/8-inch iron rod with "KAZ" cap found for the south corner of said Gifts to Endure, L.P. tract and being in said northwest right-of-way line of said Windhaven Parkway;

**THENCE** with said northwest right-of-way line of Windhaven Parkway, the following courses and distances:

South 43°36'26" West, a distance of 94.11 feet to a 5/8-inch iron rod found for corner;  
South 36°45'52" West, a distance of 50.85 feet to a 5/8-inch iron rod found for corner;  
South 35°10'42" West, a distance of 80.33 feet to a "V" cut in concrete found for corner;  
South 0°47'22" West, a distance of 22.38 feet to a 5/8-inch iron rod found at the beginning of a non-tangent curve to the left having a central angle of 3°58'21", a radius of 1439.00 feet, a chord bearing and distance of South 30°51'25" West, 99.75 feet;  
In a southwesterly direction, with said curve to the left, an arc distance of 99.77 feet to a 5/8-inch iron rod found at the beginning of a reverse curve to the right having a central angle of 12°14'25", a radius of 187.50 feet, a chord bearing and distance of South 34°59'27" West, 39.98 feet;  
In a southwesterly direction, with said curve to the right, an arc distance of 40.06 feet to a 5/8-inch iron rod found at the beginning of a reverse curve to the left having a central angle of 16°10'00", a radius of 212.50 feet, a chord bearing and distance of South 33°01'40" West, 59.76 feet;  
In a southwesterly direction, with said curve to the left, an arc distance of 59.96 feet to a 5/8-inch iron rod found at the beginning of a compound curve to the left having a central angle of 3°37'46", a radius of 1451.00 feet, a chord bearing and distance of South 23°07'47" West, 91.90 feet;  
In a southwesterly direction with said curve to the left, an arc distance of 91.91 feet to the **POINT OF BEGINNING** and containing 7.317 acres or 318,725 square feet of land.

Bearing system of this survey is based on a line oriented between City of Lewisville monuments 13 and 35 found in the field, whose positions are published on the Texas Coordinate System of 1983, North Central Zone (4202) North American Datum of 1983.

## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** Nika Reinecke, Director of Economic Development and Planning

**DATE:** July 20, 2015

**SUBJECT:** **Public Hearing: Consideration of an Ordinance Granting a Zone Change From Multi-Family Two (MF-2) District to Townhouse Two Residential (TH-2) District, on a 0.0723-Acre Lot Legally Described as Lot 4, Block B, Greenvally Addition No. 1, Located on the West Side of Alice Lane, Approximately 75 Feet North of Kathy Lane, as Requested by Agam Patel and Nirupaben Patel, the Property Owners (Case No. PZ-2015-06-08).**

### BACKGROUND

The 0.0723-acre property is located in the north-west quadrant of Kathy Lane and Alice Lane. The subject property is a vacant lot that was platted as part of an older townhouse subdivision built in the early 1970's. The property was zoned Residential Attached (RA), more commonly referred to today as townhouse zoning. This was one of the first townhouse projects in Lewisville. The townhouse project at that time went defunct before all of the townhomes were built. In 1975, the property was then rezoned to multi-family, the zoning it currently maintains. The property was never developed as a multi-family project. With the lots being roughly 20-30 feet wide, the required 25 foot front, side and rear setbacks make the land impossible to develop. This is an opportunity to rezone the property back to townhouse for consistency with the existing neighborhood. The applicants also owns the three adjacent parcels to the south of the subject property and plans to construct a multi-unit townhouse development.

### ANALYSIS

The TH-2 District was developed as an incentive for those willing to down zone multi-family property to a less dense residential zoning category. The proposed zoning classification of TH-2 is consistent with the residential zoning pattern of the surrounding area. The zoning of this property, coupled with ready-to-build applicants, will allow infill townhome development to occur. The proposed development would accomplish two goals of the City of Lewisville, as identified in the Lewisville 2025 Plan, by allowing an inflow of private development into a neighborhood that is over thirty years old and by providing a housing product that is currently underrepresented in the Lewisville market.

On June 16, 2015, the Planning and Zoning Commission recommended unanimous approval (6-0) of the zone change.

### RECOMMENDATION

It is City Staff's recommendation that the City Council approve the proposed ordinance as set forth in the caption above.

# Location Map - Alice Rezoning



**ZONING CASE NO. PZ-2015-06-08**

**OWNER NAME:** AGAM PATEL AND NIRUPABEN PATEL

**PROPERTY LOCATION:** NORTHWEST QUADRANT OF KATHY LANE AND ALICE LANE ON LOT 4, BLOCK B OF THE GREENVALLEY ADDITION NO 1 (0.0723 ACRES)

**CURRENT ZONING:** MULTI-FAMILY 2 (MF2)

**PROPOSED ZONING:** TOWNHOUSE 2 (TH2)

# Aerial- Alice Rezoning



**MINUTES**  
**PLANNING AND ZONING COMMISSION**  
**JUNE 16, 2015**

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**Item 3:**

Public Hearings for Zoning and Special Use Permits (SUP) were next on the agenda. There was one zone change request and two SUPs on the agenda for consideration.

- A. Consideration of a Zone Change Request from Multi-Family 2 (MF2) to Townhouse 2 (TH2), being a 0.0723 acre tract of land, located at the northwest quadrant of Kathy Lane and Alice Lane on Lot 4, Block B of the Greenvalley Addition No 1. The request is being made by Agam Patel and Nirupaben Patel, the property owners (Case No. PZ-2015-06-08).

Mark Huonder, Planner, gave a presentation describing the proposed zoning change and the background of the surrounding neighborhood. He stated that the applicants also own the three parcels to the south of subject property and that they intend to construct a multi-unit townhouse development.

Jim Davis, Planning Commission chairman, opened the Public Hearing to receive input from interested parties. Mr. Agam Patel, the applicant, provided additional information to the Planning Commission in regards to project timing, project size, and construction materials. The Public Hearing was then closed by Chairman Davis.

*A motion was made by Sean Kirk to recommend approval of the zone change request, seconded by Steve Byars. The motion passed unanimously (6-0).*

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## **SECTION 17-16. - "MF-2" MULTI-FAMILY TWO DISTRICT REGULATIONS**

- (a) *Use.* A building or premise shall be used only for the following purposes:
- (1) Multi-family dwellings.
  - (2) Dormitories for students.
  - (3) Fraternity or sorority house.
  - (4) Nursing and convalescent homes.
  - (5) Day nurseries.
  - (6) Church worship facilities.
  - (7) Buildings and uses owned or operated by public governmental agencies.
  - (8) Schools, private, with full curriculum accredited by the State of Texas equivalent to that of a public elementary or high school.
  - (9) Temporary buildings for uses incidental to construction work on the premises, which buildings shall be removed upon the completion or abandonment of construction work.
  - (10) Accessory buildings and uses, customarily incidental to the above uses, and located on the same lot therewith, not involving the conduct of a retail business except as provided herein.
  - (11) Private Utility Plants or Sub-stations (including alternative energy) (SUP required).
  - (12) Gas and oil drilling accessory uses (SUP required).
  - (13) Cemetery, columbarium, mausoleum and accessory uses (SUP required).
- (b) *Height.* No building shall exceed forty-five (45) feet or three (3) stories in height, except that a building may be erected to a height of eighty (80) feet and eight (8) stories if set back from all required yard lines a distance of one (1) foot for each two (2) feet of additional height above forty-five (45) feet.
- (c) *Area.*
- (1) *Size of yards.*
    - a. *Front yard.* There shall be a front yard having a required depth of not less than twenty-five (25) feet. Furthermore, required parking shall not be allowed within the required front yard.
    - b. *Side yard.* There shall be a side yard on each side of the lot having a width of not less than twenty-five (25) feet.
    - c. *Rear yard.* There shall be a rear yard having a depth of not less than twenty-five (25) feet.
  - (2) *Size of lot.*
    - a. *Lot area.* No building shall be constructed on any lot of less than forty-five hundred (4500) square feet. No building containing two (2) or more dwelling units shall be constructed on any lot of less than nine thousand (9,000) square feet.
    - b. *Lot width.* The width of the lot shall not be less than fifty (50) feet at the front street building line, nor shall its average width be less than fifty (50) feet.
    - c. *Lot depth.* The average depth of the lot shall not be less than one hundred (100) feet, except that a corner lot, having a minimum width of not less than eighty (80) feet, may have an average depth of less than one hundred (100) feet provided that the minimum depth is not less than eighty (80) feet.
    - d. *[Exception]* Where a lot having less area, width and/or depth than herein required existed in separate ownership upon the effective date of this ordinance the above regulations shall not prohibit the erection of a one-family dwelling thereon.
  - (3) *Minimum dwelling size.*
    - a. The minimum floor area of each two (2), three (3), or four (4) family dwelling unit shall contain a minimum of seven hundred fifty (750) square feet of liveable floor

space, exclusive of garages, porches, breezeways, entry halls or incidental storage, for each family to be housed in said building.

- b. Every other building or portion thereof hereafter erected, reconstructed, altered or enlarged shall contain an average of seven hundred fifty (750) square feet and a minimum of five hundred (500) square feet of livable floor space, exclusive of garages, porches, breezeways, entry halls or incidental storage for each family to be housed in said building.
  - c. The seven hundred fifty (750) square feet average shall apply to the total number of units to be constructed under the same building permit where five or more buildings are to be erected under the same building permit.
- (4) *Lot coverage.* In no case shall more than fifty percent (50%) of the total lot area be covered by the combined area of the main buildings and accessory buildings.
- (5) *Density.* In no case shall the density of units per platted acre exceed twenty-four (24) units per acre. Drainage right-of-way which is dedicated to the city as a condition for development may be included in the total area for computing density. Otherwise, density shall be based on the size of the platted lot.

## **SECTION 17-14.5. - "TH-2" TOWNHOUSE TWO RESIDENTIAL DISTRICT REGULATIONS**

- (a) *Use.* A building or premise shall be used only for the following purposes:
- (1) Single-family attached dwelling units, provided that no more than nine (9) dwelling units are attached in one continuous row or group, and provided that no dwelling unit is constructed above another dwelling unit.
  - (2) Single-family detached dwelling units.
  - (3) Church worship facilities.
  - (4) Buildings and uses owned or operated by public governmental agencies.
  - (5) Real estate sales offices during the development of residential subdivisions, but not to exceed two (2) years.
  - (6) Schools, private, with full curriculum accredited by the State of Texas equivalent to that of a public elementary or high school.
  - (7) Temporary buildings for uses incidental to construction work on the premises, which buildings shall be removed upon the completion or abandonment of construction work.
  - (8) Accessory buildings and uses, customarily incidental to the above uses and located on the same lot therewith, not involving the conduct of a retail business except as provided herein and for home occupations as defined by this ordinance.
  - (9) A detached private garage with or without storeroom and/or utility room shall be permitted as an accessory building if it meets all requirements of a residential accessory building..
  - (10) A carport shall be permitted as an accessory building if it meets all requirements of a residential accessory building..
  - (11) Private Utility Plants or Sub-stations (including alternative energy) (SUP required).
  - (12) Gas and oil drilling accessory uses (SUP required).
  - (13) Cemetery, columbarium, mausoleum and accessory uses (SUP required).
- (b) *Height.* Attached living units shall not exceed thirty-five (35) feet or two and one-half (2-1/2) stories in height.
- (c) *Area.*
- (1) *Size of yards.*
    - a. *Front yard.* There shall be a front yard having a required depth of not less than seventeen and one-half (17.5) feet, except that the garage shall be set back a minimum of twenty (20) feet to be used for driveway and additional onsite parking. Where entrance to the garage is provided from an alley or easement in the rear, the minimum front yard shall be five (5) feet.
    - b. *Side yard.* There shall be a side yard on each side of a continuous row or group of dwellings, or on each side of a detached dwelling, of not less than six and one-half (6.5) feet. A side yard adjacent to a side street shall not be less than ten (10) feet. No side yard for allowable non-residential uses shall be less than twenty-five (25) feet.
    - c. *Rear yard.* There shall be a rear yard having a required depth of not less than five (5) feet if there is no rear entry for parking from an alley or easement. Where the entrance to the garage is provided from an easement serving a row of attached dwelling units, the minimum rear setback shall be seventeen and one-half (17.5) feet. Where the entrance to the garage is provided from an alley, the minimum setback shall be seventeen and one-half (17.5) feet, except that the garage shall be set back a minimum of twenty (20) feet to be used for driveway and additional onsite parking.
  - (2) *Size of lot.*
    - a. *Lot area.* No building shall be constructed on any lot less than seventeen hundred (1,700) square feet per dwelling unit, except that detached units shall be constructed on lots which are a minimum of five thousand (5,000) square feet per lot.

- b. *Lot width.* The width of a lot shall not be less than twenty (20) feet at any point, except that lots for detached units shall have a lot width of not less than fifty (50) feet at the front and rear building lines, and forty (40) feet at the front property line.
  - c. *Lot depth.* The depth of a lot shall not be less than seventy-five (75) feet at any point.
- (3) *Minimum dwelling size.* The minimum floor area of any dwelling unit, attached or detached, shall be twelve hundred (1,200) square feet, exclusive of any garages, breezeways and porches.
- (4) *Lot coverage.* In no case shall more than seventy percent (70%) of the total lot area be covered by the combined area of the main buildings and accessory buildings.

This Section (Office Use Only)	
Case:	
PZ:	CC:
Sign/s Picked Up By:	



**LEWISVILLE**  
 Deep Roots. Broad Wings. Bright Future.

**ZONE CHANGE APPLICATION**

Owner/s (name):	Agam Patel and Nirupaben Patel		
Company Name:	N/A		
Mailing Address:	402 Cimarron Trail Irving, TX 75063		
Work #:	N/A	Cell #:	469-826-9802
E-Mail:	adamindallas@gmail.com		
Owner Signature (Owner/s Must Sign or Submit Letter of Authorization)	 		Date: May 4 2015
Printed Name:	Agam Patel and Nirupaben Patel		

Applicant/Agent (name):	N/A		
Company Name:	N/A		
Mailing Address:	N/A		
Work #:	N/A	Cell #:	N/A
E-Mail:	N/A		
Applicant/Agent Signature	N/A		Date: N/A
Printed Name:	N/A		

Current Zoning:	MF-2	Requested Zoning:	"TH-2" Townhouse two residential district.	Acres:	0.0723
Legal Description (Lot/ Block/Tract/Abstract):	Greenville Addn 1 Blk B Lot 4				
Address/Location:	Alice Ln 75067				

**Application and Sign Fees:**

<input checked="" type="checkbox"/>	Less than 1/2 acre	\$ 150.00
<input type="checkbox"/>	1/2 acre up to 4.99 acres	\$ 250.00
<input type="checkbox"/>	5 acres up to 24.99 acres	\$ 400.00

<input type="checkbox"/>	25 acres up to 49.99 acres	\$ 750.00
<input type="checkbox"/>	50 acres up to 99.99 acres	\$1,000.00
<input type="checkbox"/>	100 acres and more	\$1,500.00

Qty: <u>1</u>	Zone Change Signs - \$35 each 1 sign required for each 5 acres (max. 5 per site)	\$ <u>35</u>
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Sign(s) must be posted a minimum of ten (10) days prior to the Planning & Zoning hearing date.

Amount Due (application & sign fee)	\$ <u>185</u>
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**LEWISVILLE**  
Deep Roots. Broad Wings. Bright Future.

**REQUIRED:**

**Fully describe the plans for the property**

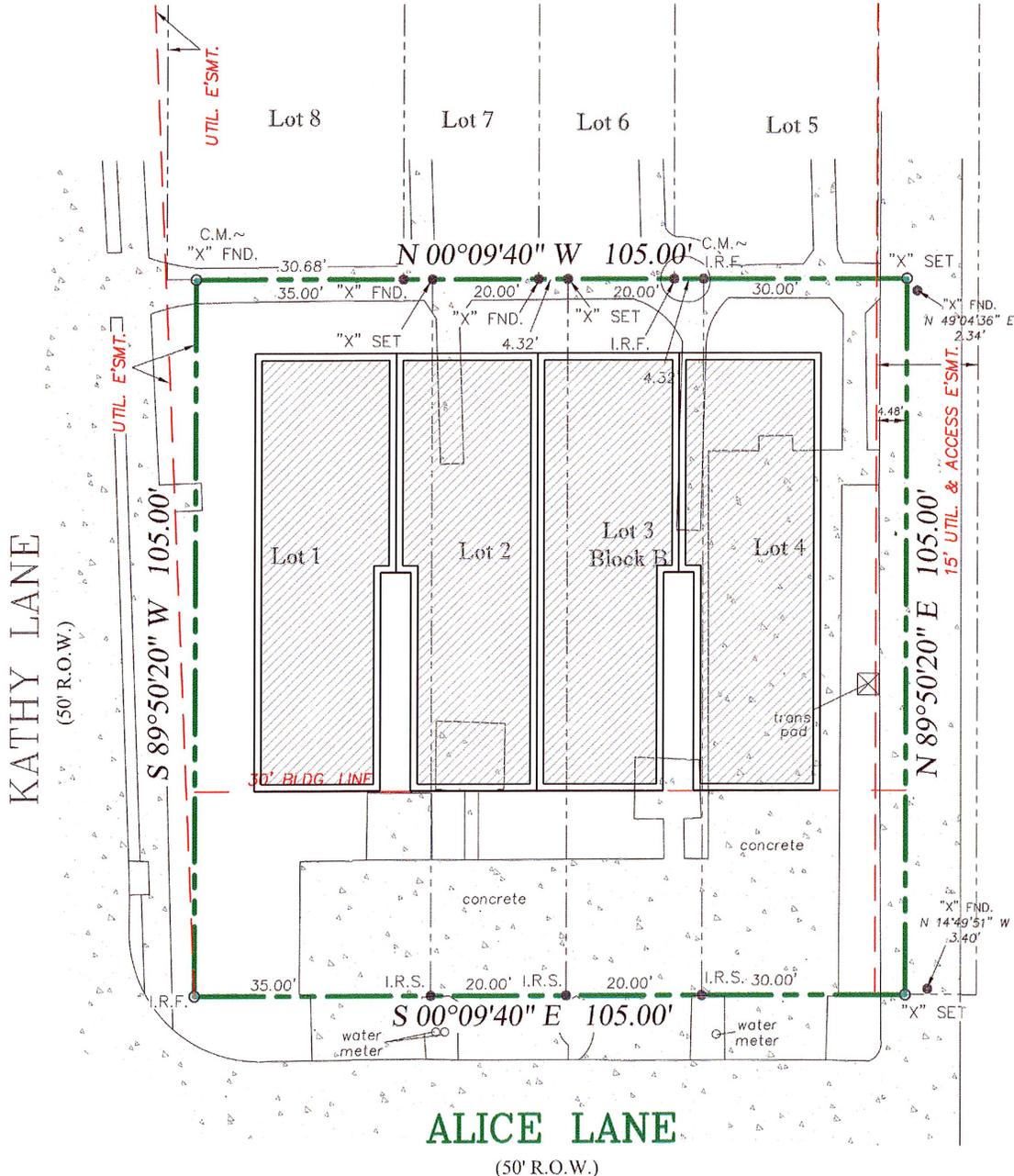
We plan to build a 4-plex in the near future. The other 3 Lots are currently zoned for "TH-2" Townhouse two residential district. I was hoping I can rezone this Lot so it can also be "TH-2". Thank you.

**NOTE:**

Items must be staff approved and deemed complete before they will be placed on an agenda.

702-720 Alice Lane

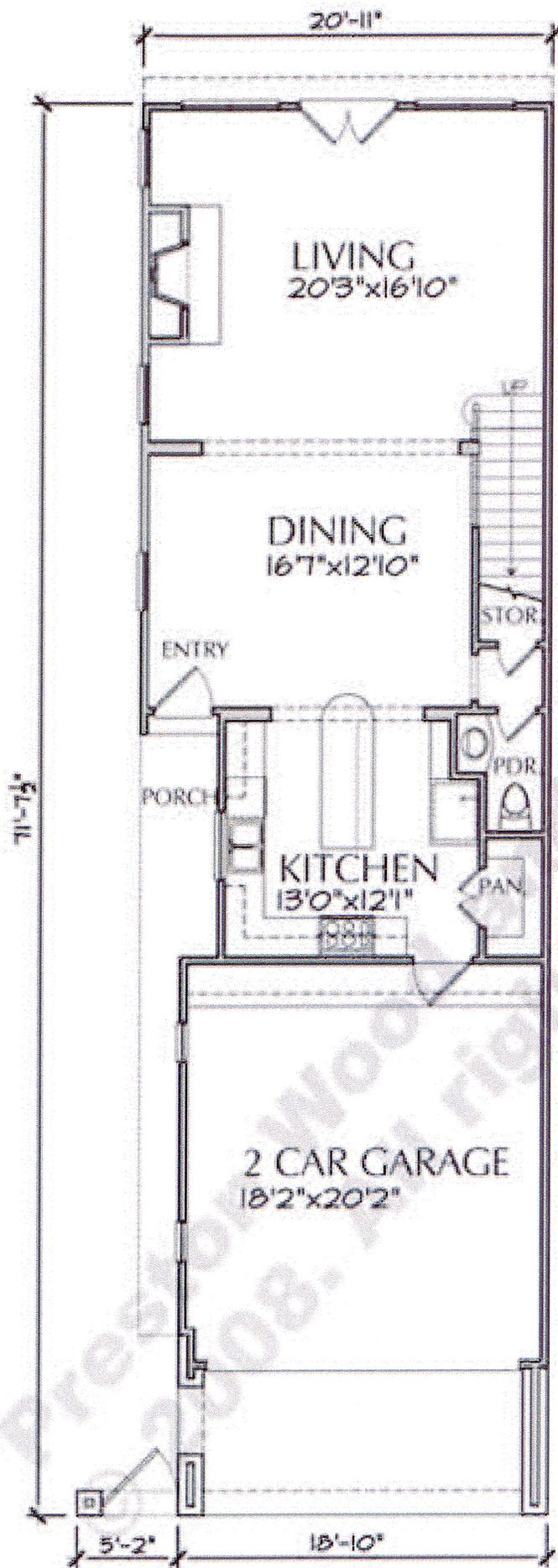
SCALE  1" = 20'



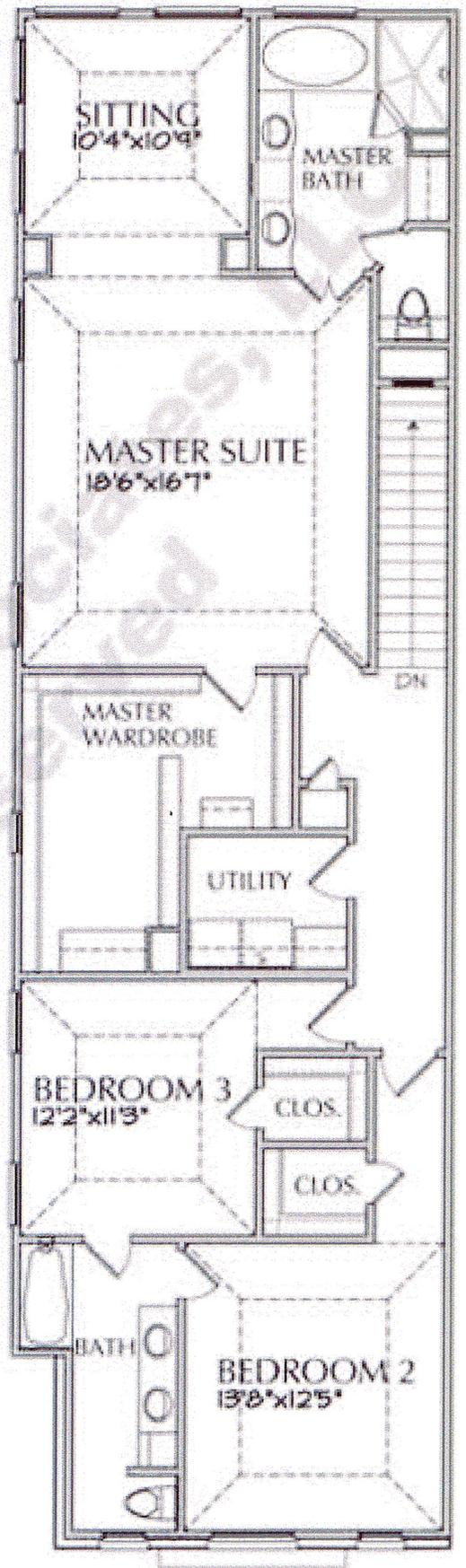
KATHY LANE  
(50' R.O.W.)

ALICE LANE  
(50' R.O.W.)





FIRST FLOOR



SECOND FLOOR

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

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LEWISVILLE, TEXAS, AMENDING THE ZONING ORDINANCE OF THE CITY OF LEWISVILLE, TEXAS BY REZONING AN APPROXIMATELY 0.0723-ACRE LOT, LEGALLY DESCRIBED AS LOT 4, BLOCK B, GREENVALLEY ADDITION NO. 1, LOCATED AT THE NORTHWEST QUADRANT OF KATHY LANE AND ALICE LANE, FROM MULTI-FAMILY TWO (MF-2) DISTRICT ZONING TO TOWNHOUSE TWO (TH-2) DISTRICT ZONING; CORRECTING THE OFFICIAL ZONING MAP; PRESERVING ALL OTHER PORTIONS OF THE ZONING ORDINANCE; PROVIDING A CLAUSE RELATING TO SEVERABILITY; DETERMINING THAT THE PUBLIC INTERESTS AND GENERAL WELFARE DEMAND THIS ZONING CHANGE AND AMENDMENT THEREIN MADE; PROVIDING A PENALTY; AND DECLARING AN EMERGENCY.**

**WHEREAS**, applications were made to amend the Official Zoning Map of Lewisville, Texas by making applications for same with the Planning and Zoning Commission of the City of Lewisville, Texas, as required by State statutes and the Zoning Ordinances of the City of Lewisville, Texas, said Planning and Zoning Commission has recommended that rezoning of the approximately 0.0723-acre property described in the attached Exhibit “A” (the “Property”) be **approved**, and all the legal requirements, conditions and prerequisites having been complied with, the case having come before the City Council of the City of Lewisville, Texas, after all legal notices, requirements, conditions and prerequisites having been complied with; and,

**WHEREAS**, the City Council of the City of Lewisville, Texas, at a public hearing called by the City Council of the City of Lewisville, Texas, did consider the following factors in making a determination as to whether this requested change should be granted or denied: effect on the congestion of the streets; the fire hazards, panics and other dangers possibly present in the securing

of safety from same; the effect on the promotion of health and the general welfare; effect on adequate light and air; the effect on the overcrowding of the land; the effect of the concentration on population; the effect on the transportation, water, sewerage, schools, parks and other public facilities; and,

**WHEREAS**, the City Council further considered among other things the character of the district and its peculiar suitability for particular uses and with the view to conserve the value of buildings, encourage the most appropriate use of land throughout this City; and,

**WHEREAS**, the City Council of the City of Lewisville, Texas, does find that there is a public necessity for the zoning change, that the public interest clearly requires the amendment, that the zoning changes do not unreasonably invade the rights of adjacent property owners; and,

**WHEREAS**, the City Council of the City of Lewisville, Texas, does find that the change in zoning lessens the congestion in the streets; helps secure safety from fire, panic and other dangers; promotes health and the general welfare; provides adequate light and air; prevents the overcrowding of land; avoids undue concentration of population; facilitates the adequate provisions of transportation, water, sewerage, schools, parks and other public requirements; and,

**WHEREAS**, the City Council of the City of Lewisville, Texas, has determined that there is a necessity and need for this change in zoning and has also found and determined that there has been a change in the conditions of the property surrounding and in close proximity to the Property since it was originally classified and, therefore, feels that a change in zoning classification for the Property is needed, is called for, and is in the best interest of the public at large, the citizens of the City of Lewisville, Texas, and helps promote the general health, safety, and welfare of this community.

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

**SECTION 1.** The Zoning Ordinance of the City of Lewisville, Texas, be, and the same is hereby amended and changed in that the zoning of the Property is hereby changed to **TOWNHOUSE TWO (TH-2) DISTRICT ZONING.**

**SECTION 2.** The City Manager, or her designee, is hereby directed to correct the official zoning map of the City of Lewisville, Texas, to reflect this change in zoning.

**SECTION 3.** That in all other respects the use of the tract or tracts of land hereinabove described shall be subject to all the applicable regulations contained in said City of Lewisville Zoning Ordinance and all other applicable and pertinent ordinances of the City of Lewisville, Texas.

**SECTION 4.** That the zoning regulations and districts as herein established have been made in accordance with the comprehensive plan for the purpose of promoting health, safety, and the general welfare of the community. They have been designed with respect to both present conditions and the conditions reasonably anticipated to exist in the foreseeable future, to lessen congestion in the streets; to secure safety from fire, panic, flood and other dangers; provide adequate light and air; to prevent overcrowding of land, to avoid undue concentration of population; facilitate the adequate provisions of transportation, water, sewage, parks and other public requirements, and to make adequate provisions for the normal business, commercial needs and development of the community. They have been made with reasonable consideration, among other things of the character of the district, and its peculiar suitability for the particular uses and with a view of conserving the value of buildings and encouraging the most appropriate use of land throughout the community.

**SECTION 5.** This Ordinance shall be cumulative of all other ordinances of the City of Lewisville, Texas, affecting zoning and shall not repeal any of the provisions of said ordinances, except in those instances where provisions of those ordinances which are in direct conflict with the provisions of this Ordinance.

**SECTION 6.** That the terms and provisions of this Ordinance shall be deemed to be severable and that if the validity of the zoning affecting any portion of the Property shall be declared to be invalid, the same shall not affect the validity of the zoning of the balance of the tract or tracts of land described herein.

**SECTION 7.** Any person, firm or corporation who violates any provision of this Ordinance shall be deemed guilty of a misdemeanor and, upon conviction thereof in the Municipal Court, shall be subject to a fine of not more than \$2,000.00 for each offense, and each and every day such offense is continued shall constitute a new and separate offense.

**SECTION 8.** The fact that the present Zoning Ordinance and regulations of the City of Lewisville, Texas are inadequate to properly safeguard the health, safety, peace and general welfare of the inhabitants of the City of Lewisville, Texas, creates an emergency for the immediate preservation of the public business, property, health, safety and general welfare of the public which requires that this Ordinance shall become effective from and after the date of its final passage, and it is accordingly so ordained.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF LEWISVILLE, TEXAS, BY A VOTE OF \_\_\_\_\_ TO \_\_\_\_\_, ON THIS THE 20TH DAY OF JULY, 2015.**

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

**Page 5**

**APPROVED:**

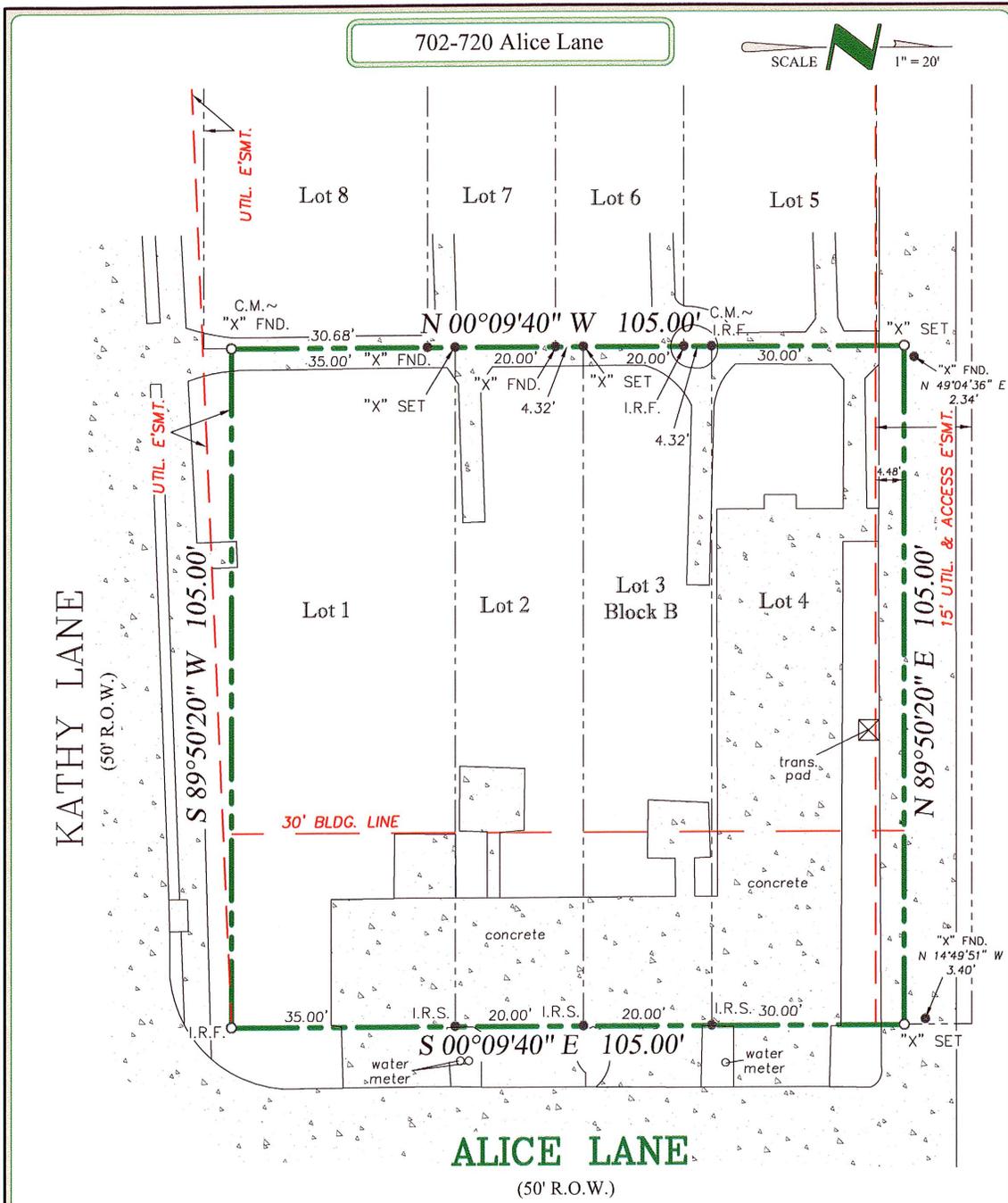
\_\_\_\_\_  
Rudy Durham, MAYOR

**ATTEST:**

\_\_\_\_\_  
Julie Heinze, CITY SECRETARY

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lizbeth Plaster, CITY ATTORNEY



**PROPERTY DESCRIPTION:** Lots 1-4, in Block B, of Greenvalley Addition No. 1, an Addition to the City of Lewisville, Denton County, Texas, according to the Plat thereof recorded in Volume 10, Page 33, Plat Records of Denton County, Texas.

The undersigned have/has received and reviewed a copy of this survey.

X \_\_\_\_\_

X \_\_\_\_\_

Date: \_\_\_\_\_

Date:	11/6/14
ASC No.	141117
Drawn/Chk	TER/DLA
Client	Calvin Simmons
G.F. No.	N.A.



702-720 Alice Lane  
Lewisville, Texas

**LEGEND** - C.M.= Controlling Monument; I.R.F.= Iron Rod Found; I.P.F.= Iron Pipe Found; F.C.P.= Fence Corner Post. O.H.E.=Overhead Electric. I.R.S.= Iron Rod Set 1/2" diameter with yellow cap stamped "Arthur Surveying Company". All found iron rods are 1/2" diameter unless otherwise noted. — x — (fence / Q, fence post) — DHE — (overhead power)

**FLOOD NOTE:** It is my opinion that the property described hereon is not within the 100-year flood zone area according to the Federal Emergency Management Agency Flood Insurance Rate Map Community-Panel No. 480195 0545 G, present effective date of map, April 18, 2011, herein property situated within Zone "X".

**SURVEYORS CERTIFICATION:**  
The undersigned does hereby certify that this survey was this day made on the ground of the property legally described hereon and is correct, and to the best of my knowledge, there are no visible discrepancies, conflicts, shortages in area, boundary line conflicts, encroachments, overlapping of improvements, easements or rights of way that I have been advised of except as shown hereon. The bearings shown hereon are based on the above referenced recorded map or plat unless otherwise noted.



**Arthur Surveying Co.**  
Professional Land Surveyors  
220 Elm St., # 200 - Lewisville, TX 75057  
Ph. 972.221.9439 - TFRN# 10063800  
arthursurveying.com Established 1986

*Douglas L. Arthur*

Note: This survey was prepared without the benefit of a title search, therefore no search of recorded easements was performed on subject property.

## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** Nika Reinecke, Director of Economic Development and Planning

**DATE:** July 20, 2015

**SUBJECT:** **Public Hearing: Consideration of an Ordinance Granting a Zone Change From Old Town Mixed Use 2 (OTMU2) District to Parking District (PK); on a 0.403-Acre Lot, Legally Described as Lot 9R, Block 22 of the Kealy Addition, Located on the North Side of E. Main Street, West of Railroad Street, at 541 East Main Street, as Requested by Alex Paint and Body, LLC, the Property Owner (Case No. PZ-2015-06-09).**

### **BACKGROUND**

The subject property has been zoned OTMU2 (Old Town Mixed Use 2) since 2005. The OTMU2 District, which allows a mixture of residential, retail, restaurant and office uses with flexible development standards, was established to provide an incentive for Old Town property owners to rezone their GB (General Business) and LI (Light Industrial) properties to OTMU1 or OTMU2 in order achieve the vision established in the Old Town Master Plan. The applicant owns and operates a paint and body shop on the adjacent property to the east, which is zoned LI. The applicant started the development process for the paint and body shop in 2013 prior to the adoption of the Special Use Permit process in the Zoning Ordinance. The building that houses the paint and body shop was built in compliance with all Old Town architectural design standards. The applicant purchased the subject property with plans to expand the paint and body shop westward onto this property; however, the OTMU2 District does not allow any automotive uses; therefore, an expansion of the paint and body shop cannot be considered through the SUP process on the subject property. The applicant's most pressing need at this time is additional customer and employee parking.

### **ANALYSIS**

The applicant is requesting the zoning change from OTMU2 to PK to allow the construction of a parking lot for customer and employee parking associated with his paint and body shop business. The PK District is intended for parking uses behind, across the street from, or adjacent and incidental to properties zoned MF, LC, OD, MD, GB, WH, LI and HI, where the provision of off-street parking is essential to protection of existing development and conducive to the most appropriate use of land. The loss of the OTMU2 zoning on this property could be seen as contrary to vision and goals of the Old Town Master Plan; however, PK zoning on this property may be viewed as a temporary measure to meet the needs of an existing business. The PK District only allows parking lots and parking structures. Staff is comfortable with the proposed zoning change since no other uses or buildings can be developed within this district.

Subject: Zone Change Request from OTMU2 to PK  
541 E. Main St.  
July 20, 2015  
Page 2

The property would have to be rezoned back to OTMU2 in the future to construct any type of building on the property. The subject site and the paint and body shop building to the east would be conducive for redevelopment with residential, office, retail or restaurant uses in the future with the addition of the proposed parking lot. Please note that the proposed zoning does not allow the storage of any wrecked or damaged vehicles associated with the neighboring business. Only employee, customer or visitor parking is allowed on parking lots within the Parking District.

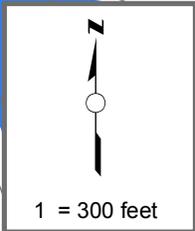
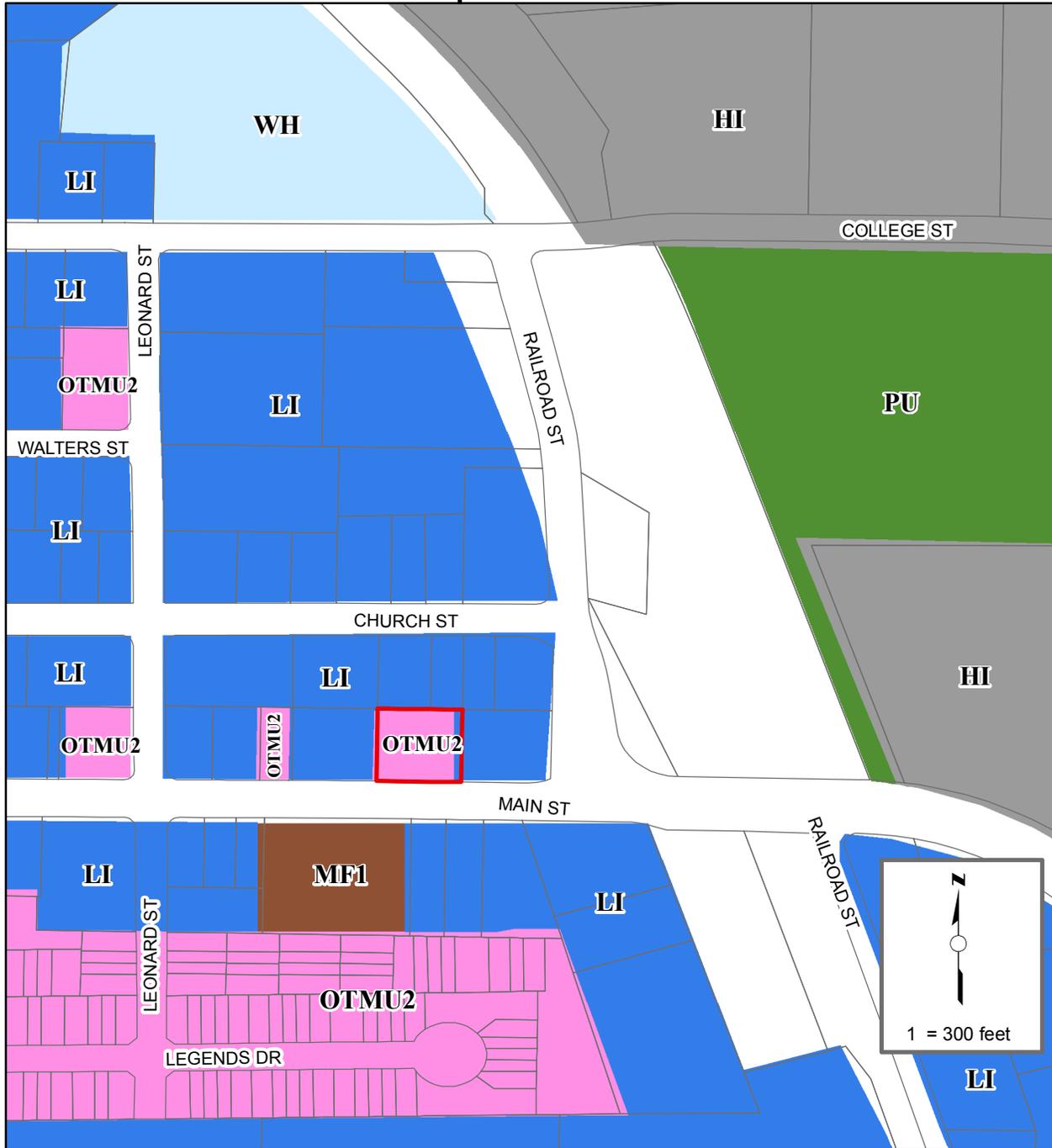
On June 16, 2015, the Planning and Zoning Commission recommended denial of the zoning change by a vote of 4-2.

As of July 15, 2015, the applicant submitted a letter requesting that the zone change application be withdrawn. It is staff's understanding that the applicant wishes to make major revisions to his proposal before resubmitting another zone change application.

### **RECOMMENDATION**

It is City Staff's recommendation that the City Council accept the applicant's request to withdraw the zone change application from Old Town Mixed Use 2 (OTMU2) to Parking District (PK).

# Location Map - 541 E. Main St.



**ZONING CASE NO. PZ-2015-06-09**

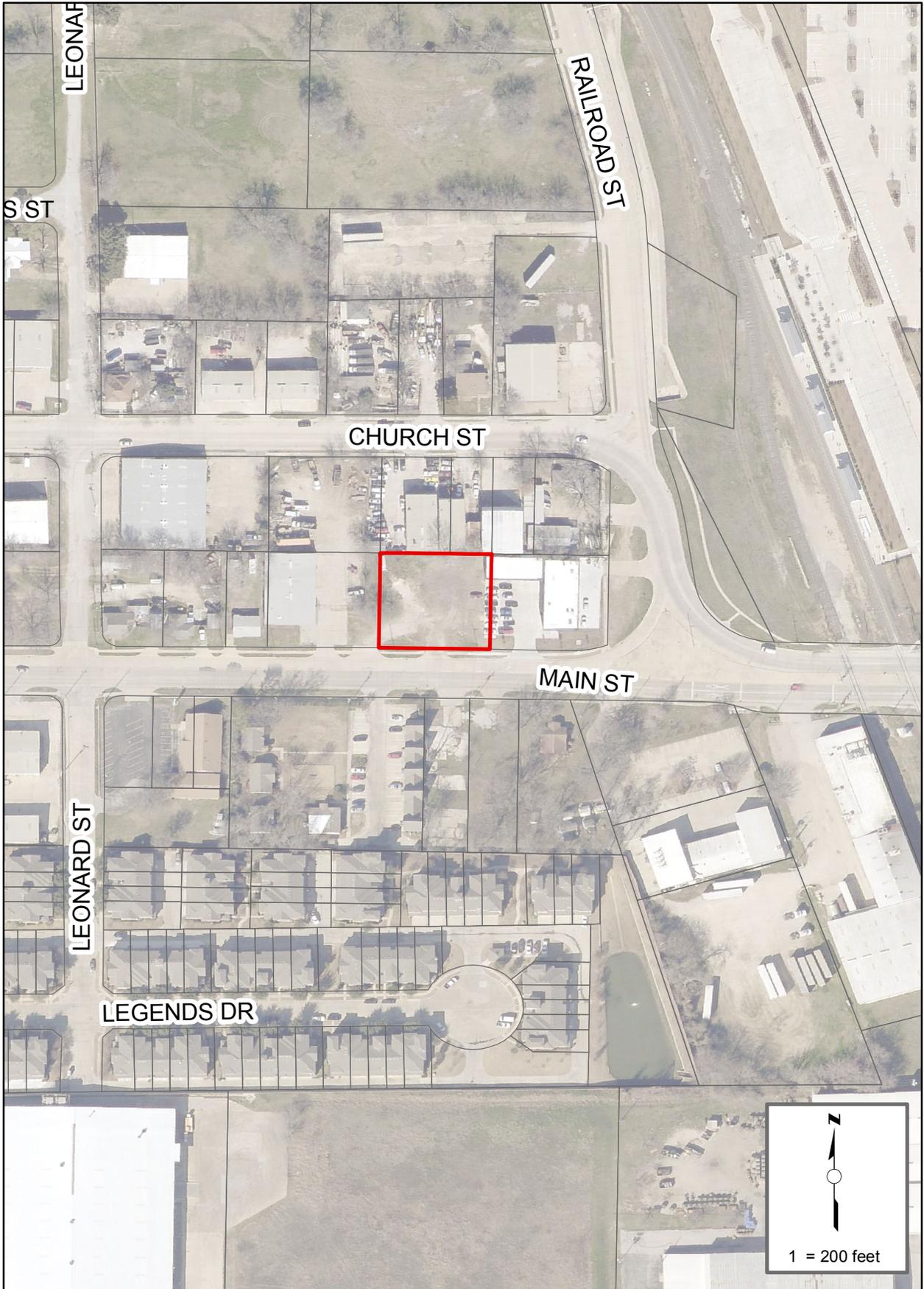
**COMPANY NAME:** ALEX PAINT AND BODY LLC

**PROPERTY LOCATION:** NORTH SIDE OF E. MAIN STREET WEST OF RAILROAD STREET AT 541 EAST MAIN STREET (0.403 ACRES)

**CURRENT ZONING:** OLD TOWN MIXED USE 2 (OTMU2)

**REQUESTED ZONING:** PARKING DISTRICT (PK)

# Aerial- 541 E. Main St.



*Alex Paint & Body LLC*  
*545 E Main St.*  
*Lewisville TX. 75057*  
*Office # 214-222-3141*  
*Fax # 214-222-3141*

July 15, 2015

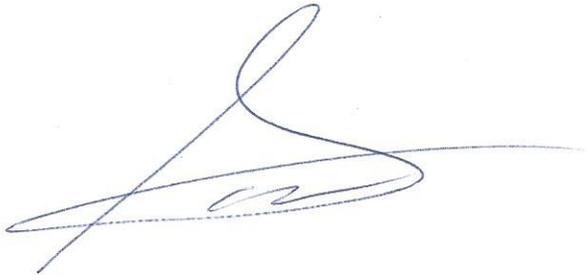
To whom it may concern :

My name is Jose A. Salguero, owner of Alex Paint and Body LLC.

Located at 545 E Main St. Lewisville TX 75057 .

I wish to withdraw my zoning change parking district application , coming up on July 20 2015.

Thanks.

A handwritten signature in blue ink, appearing to read 'Jose A. Salguero', with a long horizontal flourish extending to the right.

## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** David Salmon, P.E., City Engineer

**VIA:** Eric Ferris, Assistant City Manager

**DATE:** July 8, 2015

**SUBJECT:** **Approval of an Amendment to a Project Utility Adjustment Agreement With AGL Constructors, the Design Build Developer for I-35E Managed Lanes Project, Related to Funding and Construction of Utility Adjustments Along I-35E in Lewisville; and Authorization for the City Manager to Execute the Agreement.**

### BACKGROUND

In November, 2013, the City Council approved a Project Utility Adjustment Agreement (PUAA) with AGL Constructors, the design build developer for the I-35E Managed Lanes Project to relocate utilities along I-35E in Lewisville in preparation for the Phase 1, Managed Lanes Project from LBJ Freeway in Farmers Branch to Hwy 380 in Denton. The original agreement covered utility relocations north of Grandy's Lane and included a number of betterments (upgrades requested by the City of Lewisville). The original agreement split out the costs of the base utility relocations and the betterments requested by Lewisville. In addition to the PUAA, Council approved a supplemental appropriation in the amount of \$1,596,936 to fund the requested betterments which included upsizing of water mains and installation of several new utility crossings underneath I-35E required for future development. The utility improvements included in the original PUAA are nearly complete. Amendment 001 covers additional utilities that require relocation south of Grandy's Lane. The Agreement along with the amendment defines AGL and City responsibilities with regard to construction and funding of the proposed utility relocations, adjustments and upgrades and must be executed before new utility construction can proceed. The City of Lewisville is not requesting any betterments related to the additional utility relocations south of Grandy's Lane, thus there will be no additional cost to the City.

### ANALYSIS

AGL Constructors has submitted construction plans, cost estimates and the subject agreement amendment for utility construction along the segment of I-35E from Grandy's Lane south to the Sam Rayburn tollway. Staff has reviewed and approved the subject plans and estimates. For this segment of I-35E, roughly 5286 feet of 24, 20 and 12-inch water main plus 47 feet of 8-inch sanitary sewer is required to be either adjusted or relocated. Design and construction of the required adjustments and relocations with like size water and sewer mains and approved materials will be completed with no additional cost to the City per the subject agreement. AGL proposes and staff has agreed to place the relocated utilities in the TXDOT right of way utility corridor instead of new easements for lines that are currently in easements outside of existing State right of way in the interest of time and minimizing disruption to existing private property.

Subject: Amendment to a Project Utility Adjustment Agreement with AGL Constructors

July 8, 2015

Page 2 of 2

The agreement also provides for reimbursement to the City by AGL Constructors for any indirect costs to the City such as inspection and testing for the subject utility adjustments and betterments.

**RECOMMENDATION**

It is City staff's recommendation that the City Council approve the agreement as set forth in the caption above.



## City of Lewisville

Utility Adjustment Agreement Amendment 001

To

Project Utility Adjustment Agreement 35E-U-0507  
(Conflict ID 507-008A, 507-008B, 507-009, 507-010, 507-069, 507-035, 507-063, 507-064, 507-066, 507-045 & 507-077)

IH35E

From 635 to US 380

Sewer and Water Line Relocation Segment 2 & 3

TXDOT Copy



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Utility Adjustment Agreement Amendment  
35E-U-0507-001

- 1.) Transmittal Memo
- 2.) Utility Assembly Checklists
  - Utility Adjustment Checklist
  - UM No Conflict Sign-Off Form
  - UDC No Conflict Sign-Off Form
- 3.) Utility Adjustment Agreement Amendment (UAAA)  
"Exhibit B"
  - Utility Adjustment Plans & Specifications
  - Utility Adjustment Cost Estimate
- 4.) Utility Joint Use Acknowledgment (UJUA)  
"Exhibit C"
- 5.) ROW Map



June 23, 2015

Mr. Don Toner SR/WA  
North Texas CDA Program Lead  
TxDOT – Strategic Projects Division  
3301 W. Airport Freeway, Ste 100  
Bedford, Texas 76021  
817-508-7654 Fax 817-685-7561

RE: Utility Adjustment Agreement Amendment (UAAA), 35E-U-0507-001, City of Lewisville, CSJ-R No. 0196-02-109 & 0196-02-115, CSJ-C No. 0196-02-068 & 0196-02-114 Limits: IH 35E From Dallas/Denton County Line to South of Garden Ridge Boulevard

Dear Mr. Toner,

AGL Constructors would like to submit this Utility Adjustment Agreement Amendment (UAAA) Assembly 35E-U-0507-001 for your approval. This Assembly Package is for adjustment of City of Lewisville facilities located within the IH35E Managed Lanes corridor. Based on review of existing city facilities located within the limits of the attached plan set, AGL has analyzed the following water and sewer lines to conflict with the proposed widening of IH 35E and proposed drainage:

Adjustment of Conflict ID 507-008A: The relocation of Conflict ID 507-008A under this UAAA shall consist of the installation of approximately 311 lf. of 20" RCCP C303 waterline and 141 lf. of 30" steel casing from ML Station 986+19 to 989+01. The proposed 20" waterline is replacing an existing 20" line. The relocation will connect to the existing 20" water line at a 90 degree angle, travel northwest for 5 lf., turn 45 degrees north, travel 300 lf. while curving northwest, turn 90 degrees northeast, travel 6 lf., and connect to the existing 20" waterline at ML Station 988+06. 62 lf. of 30" steel casing will be installed on existing waterline from Station 986+22 to 986+37. 79 lf. of 30" steel casing will be installed on existing waterline from Station 988+22 to 989+01.

Adjustment of Conflict ID 507-008B: The relocation of Conflict ID 507-008B under this UAAA shall consist of the installation of approximately 1649 lf. of 12" PVC C900 waterline, 140 lf. of 24" steel casing and appropriate appurtenances from Station 992+54 to 1008+93. The proposed 12" waterline is replacing an existing 12" line. The relocation will connect to an existing 12" water line at a 90 degree angle, travel 4 lf. west, turn 45 degrees northwest, travel for 931 lf., turn 45 degrees to the west, travel 12 lf., turn 45 degrees northwest, travel 28 lf., and enter a 24" steel casing at ML Station 1002+28. The proposed 12" water line and steel casing will continue northwest for 80 lf. and



RE: Utility Adjustment Agreement Amendment (UAAA), 35E-U-0507-001, City of Lewisville, CSJ-R No. 0196-02-109 & 0196-02-115, CSJ-C No. 0196-02-068 & 0196-02-114 Limits: IH 35E From Dallas/Denton County Line to South of Garden Ridge Boulevard

the waterline will exit the steel casing at ML Station 1003+08. The waterline will continue northwest for 12 lf., turn 45 degrees north, travel for 27 lf., turn 45 degrees northwest, travel 149 lf., and enter a 24" steel casing at ML Station 1004+88. The proposed 12" water line and steel casing will continue northwest for 60 lf. and the waterline will exit the steel casing at ML Station 1005+48. The waterline will continue northwest for 593 lf., turn 45 degrees north, travel for 2 lf., and connect to an existing 12" waterline at ML Station 1008+93.

Adjustment of Conflict ID 507-010 & 507-069: The relocation of Conflict ID 507-010 under this UAAA shall consist of the installation of approximately 2,335 lf. of 12" PVC C900 waterline and appropriate appurtenances from ML Station 991+95 to 1014+34. The proposed 12" waterline is replacing an existing 12" line. The relocation will start at ML Station 991+95, with a 5' offset from the proposed right of way, and travel west for 4 lf., turn northwest, travel for 85 lf., and connect to a 12" tee, which will connect conflict relocation 507-009 to this relocation at ML Station 992+84. The proposed 12" waterline will continue northwest for 2154 lf., turn west, travel 10 lf., turn southwest, travel 83 lf., and connect to an existing 12" waterline at ML Station 1014+34.

Adjustment of Conflict ID 507-009: The relocation of Conflict ID 507-009 under this UAAA shall consist of the installation of approximately 141 lf. of 24" PVC C900 waterline, 16 lf. of 36" steel casing and appropriate appurtenances from ML Station 992+16 to 992+84. The relocation will begin by connecting to an existing 24" waterline at ML Station 992+16, travel northeast for 4 lf., and enter a 36" steel casing at ML Station 992+17. The waterline and 36" steel casing will continue northeast for 16 lf. and the waterline will exit the steel casing at ML Station 992+17. The proposed 24" waterline will continue northeast for 21 lf., turn north, travel 92 lf., turn northeast, travel 7 lf., and connect to conflict relocation 507-010 at ML Station 992+84.

Adjustment of Conflict ID 507-035: The relocation of Conflict ID 507-035 under this UAAA shall consist of the installation of approximately 298 lf. of 12" PVC C900 waterline, 275 lf. of 24" steel casing and appropriate appurtenances from ML Station 1187+51 to 1187+65. The proposed 12" waterline is replacing an existing 12" line. The relocation will start at ML Station 1187+65, travel northeast for 6 lf., and enter a 24" steel casing at ML Station 1187+65. The proposed 12" waterline and 24" steel casing will continue northeast for 275 lf. and the waterline will exit the steel casing at ML Station 1187+60. The waterline will continue northeast for 2 lf., turn southeast, travel 8 lf., turn northeast, travel 6 lf., and connect to an existing 12" waterline at ML Station 1187+51.



RE: Utility Adjustment Agreement Amendment (UAAA), 35E-U-0507-001, City of Lewisville, CSJ-R No. 0196-02-109 & 0196-02-115, CSJ-C No. 0196-02-068 & 0196-02-114 Limits: IH 35E From Dallas/Denton County Line to South of Garden Ridge Boulevard

Adjustment of Conflict ID 507-063: The relocation of Conflict ID 507-063 under this UAAA shall consist of the installation of approximately 186 lf. of 12" PVC C900 waterline and appropriate appurtenances from ML Station 1237+68 to 1239+48. The proposed 12" waterline is replacing an existing 12" line. The relocation will start at ML Station 1237+68, travel north for 182 lf., turn east, travel 4 lf., and connect to an existing 12" waterline at ML Station 1239+48.

Adjustment of Conflict ID 507-064: The relocation of Conflict ID 507-064 under this UAAA shall consist of the installation of approximately 148 lf. of 12" PVC C900 waterline and appropriate appurtenances from ML Station 1237+03 to 1238+47. The proposed 12" waterline is replacing an existing 12" line. The relocation will start at ML Station 1237+03, travel north for 148 lf., and connect to an existing 12" waterline at ML Station 1238+47.

Adjustment of Conflict ID 507-066: The relocation of Conflict ID 507-066 under this UAAA shall consist of the installation of approximately 166 lf. of 12" PVC C900 waterline, 77 lf. of 24" steel casing, and appropriate appurtenances from ML Station 1121+70 to 1123+18. The proposed 12" waterline is replacing an existing 12" line. The relocation will start at ML Station 1121+70, travel southwest for 9 lf., turn west, travel 6 lf., turn northwest, travel 54 lf., and enter a 24" steel casing at ML Station 1122+28. The waterline and steel casing will continue northwest for 77 lf. and the waterline will exit the steel casing at ML Station 1123+03. The waterline will continue northwest for 9 lf., turn north, travel 10 lf., and connect to an existing 12" waterline at ML Station 1123+18.

Adjustment of Conflict ID 507-045: The relocation of Conflict ID 507-045 under this UAAA shall consist of the installation of approximately 52 lf. of 12" PVC C900 waterline and appropriate appurtenances from ML Station 1267+45 to 1267+94. The proposed 12" waterline is replacing an existing 12" line. The relocation will start at ML Station 1267+45, travel northwest for 7 lf., turn north, travel 38 lf., turn northeast, travel for 7 lf. and connect to an existing 12" waterline at ML Station 1267+94.

Adjustment of Conflict ID 507-077: The relocation of Conflict ID 507-077 under this UAAA shall consist of the installation of approximately 47 lf. of 8" SDR21 wastewater line and appropriate appurtenances from ML Station 1002+86 to 1003+11. The proposed 8" wastewater line is replacing



RE: Utility Adjustment Agreement Amendment (UAAA), 35E-U-0507-001, City of Lewisville, CSJ-R No. 0196-02-109 & 0196-02-115, CSJ-C No. 0196-02-068 & 0196-02-114 Limits: IH 35E From Dallas/Denton County Line to South of Garden Ridge Boulevard

an existing 8" line. The relocation will start at ML Station 1002+86 at an existing manhole, travel north for 47 lf., and connect to a proposed wastewater manhole at ML Station 1003+11.

The abandonment of the existing facilities shall be completed in accordance with AGL's Demolition and Abandonment Plan, UAR requirements, and details that are identified in the attached plans. All existing facilities identified in this immediate area that are not being adjusted at this time will be recorded under a future Abbreviated Utility Assembly to be executed in accordance with the Development Agreement (DA). In accordance with the DA, replacement cost for "like kind" relocations associated with this adjustment are 100% compensable to the City of Lewisville. All work being completed under this UAAA shall be completed by AGL and or their subcontractors. City of Lewisville will not be charging any for review or inspection of this relocation due to miniscule time associated with these tasks. An email declaring this from City of Lewisville is included in this package.

The City of Lewisville has opted for no upgrades to their current system so no betterment is included in this UAAA. The relocation area for this UAAA falls within the limits of Right of Way CSJ: 0196-02-109 = 84.06% (\$882,215.93) and Right of Way CSJ: 0196-02-115 = 15.94% (\$167,272.71).

he current schedule for beginning the work under this UAAA is anticipated to begin on or about July 13, 2015 and shall be completed in advance of October 23, 2015.



RE: Utility Adjustment Agreement Amendment (UAAA), 35E-U-0507-001, City of Lewisville, CSJ-R No. 0196-02-109 & 0196-02-115, CSJ-C No. 0196-02-068 & 0196-02-114 Limits: IH 35E From Dallas/Denton County Line to South of Garden Ridge Boulevard

We respectfully recommend your approval of this Utility Adjustment Agreement Amendment (35E-U-0507-001) as submitted. If you have any questions or require additional information, please contact me through the information provided below.

Sincerely,

Signed:  4/20/15  
Rich Krog,  
AGL Utility Manager  
1.214.483.7633 (Direct)  
1.512.207.0782 (Mobile)  
Email: rkrog@ltraengineers.com

Cc: AGL Document Control



IH35E-Checklist  
 Rev. 11/2012  
 Page 1 of 4

**TxDOT**  
**UTILITY ADJUSTMENT CHECKLIST**  
 (To be included with submittal)

U-No.: 35E-U-0507-001

Utility Owner Name: City of Lewisville

County: Denton

Jurisdictions: 0196-02-109 & 0196-02-115

Estimated Dollar Amount of Utility Adjustment/Cost to Developer: **\$1,049,488.64**

ROW CSJ No.: 0196-02-109 & 0196-02-115

Construction CSJ No.: 0196-02-068 & 0196-02-114

Section or Segment Number: Segment 2 & 3

Actual Cost or  Lump Sum (Check one)

Federal-Aid ROW Project No.: IM 0356 (438)

Alternate Procedure Approval Date: September 4, 2013

Highway Station Limits (To & From):

IH35E – Segment 2 & 3: ROW CSJ 0196-02-109 & 0196-02-115 From:  
 Dallas/Denton County Line To: South of Garden Ridge Boulevard

Description/Scope of Work:

Adjustment Utility Lines 507-008A, 507-008B, 507-009, 507-010, 507-069, 507-035, 507-063, 507-064, 507-066, 507-045 & 507-077: Utility relocation of approximately 311 lf. of 20" RCCP C303 waterline, 4,834 lf. of 12" PVC C900 waterline, 141 lf. of 24" PVC C900, 47 lf. of 8" SDR21 wastewater line, 492 lf. of 24" steel casing, 141 lf. of 30" steel casing, and 16 lf. of 36" steel casing placed from ML Station 986+19 to ML Station 1267+94.

1. Yes  No  N/A  Approved & current ROW Maps on file with TxDOT?
2. Yes  No  N/A  Is the Utility Adjustment within the Facility ROW limits or directly related to work required within Facility ROW limits?
3. Yes  No  N/A  Are explanations and clarifications included in the transmittal to describe unique conditions affecting the Utility?



IH35E-Checklist

Rev. 11/2012

Page 2 of 4

4. Yes  No  N/A  Have (3) identical originals of the Utility Assembly with plans been submitted, of which one original should be color-coded?
5. Yes  No  N/A  Has the Developer's Utility Design Coordinator located on the plans the major items of material listed on the estimate by scaling or stationing?
6. Yes  No  N/A  Have the existing and proposed Utility facilities been plotted on the ROW map and attached with this submission?
7. Yes  No  N/A  Have the Utility Adjustments been designed for the Proposed Configuration?
8. Yes  No  N/A  Has the Utility Owner signed the plans for a Developer Managed PUA (DM)?
9. Yes  No  N/A  Has the Utility Owner signed the plans for an Owner Managed (OM) PUA that allows for the Developer to design for the Utility Adjustment?
10. Yes  No  N/A  If the agreed sum method has been marked, has a detailed, itemized estimate and matching plans been provided?
11. Yes  No  N/A  Is the Utility consultant-engineering contract reviewed and approved by the Developer's Utility Manager (UM)?
12. Yes  No  N/A  Are all forms submitted complete and correct for the situation/circumstance of the Utility Adjustment?
13. Yes  No  N/A  Has the Statement Covering Utility Construction Contract Work (TxDOT Form ROW-U-48) been submitted for work completed by an owner-managed contractor?
14. Yes  No  N/A  Is the Utility Assembly folded so as to fit into an 8.5" x 11" file?
15. Yes  No  N/A  Are any of the proposed Utility facilities installed longitudinally inside the control of access, excluding areas near ramp terminals?
16. Yes  No  N/A  Has Barlow's Formula information been submitted for unencased high-pressure pipelines? The following information is required to complete Barlow's formula.  $S = \text{Yield Strength}$ ,  $t = \text{Wall thickness}$ ,  $D = \text{Outside Diameter}$ ,  $F = \text{Design Factor}$ . Maximum Operating Pressure must also be given and compared to the pressure calculated with Barlow's. The Barlow calculation must be shown with the submission.



17. Yes  No  N/A  If the pipeline is unencased, is there adequate coating, wrapping and cathodic protection?
18. Yes  No  N/A  Are replacement Utility ROW charges justified and supported?
19. Yes  No  N/A  If yes to #18, is an affidavit and an ownership instrument (i.e. easement, license or deed) included?
20. Yes  No  N/A  Do Utility Adjustment plans demonstrate Utility Accommodation Rules compliance, including minimum depth of cover from proposed grade and casing requirements?
21. Yes  No  N/A  Is the proposed Utility Adjustment shown on the plans with stationing and offsets from centerline, edge of pavement, or ROW lines?
22. Yes  No  N/A  Are backfill requirements met?
23. Yes  No  N/A  Is a schedule of work provided by/required of the Utility Company if the Utility Adjustment is large and complex?
24. Yes  No  N/A  Is a Betterment credit applicable?
25. Yes  No  N/A  If yes to #24, is the credit calculated and applied properly?
26. Yes  No  N/A  Is accrued depreciation credit applicable?
27. Yes  No  N/A  If accrued depreciation is applicable, is credit applied properly?
28. Yes  No  N/A  Is salvage credit applicable?
29. Yes  No  N/A  If salvage credit applicable, is the credit applied properly?
30. Yes  No  N/A  Are overheads and loadings checked for reasonableness?
31. Yes  No  N/A  Are cost estimate extensions checked?
32. Yes  No  N/A  Is a correct & recorded Quitclaim Deed (TxDOT Form ROW-N-30) submitted, if required?
33. Yes  No  N/A  Has a recommendation for approval been stated on the transmittal memorandum?
34. Yes  No  N/A  Is the Utility Adjustment in only one jurisdiction?



35. Yes  No  N/A  If the Utility Adjustment is in more than one jurisdiction, have the percentages in each jurisdiction been detailed in the transmittal memorandum?
36. Yes  No  N/A  Are the sign-off forms attached?
37. Yes  No  N/A  Have the plans for the Utility Adjustment been sealed by a Registered Professional Engineer?
- 

Prepared by:   
Utility Design Coordinator

Approved by:   
Utility Manager

Recommended for Approval by:   
Quality Control

Date: 6-24-2015

Comments:



IH35E-USO-UM

Rev. 6/2013

Page 1 of 1

### Developer's Utility Manager Utility No Conflict Sign-Off Form

Utility Manager: Rich Krog  
 Date plans received: 6/23/15  
 Utility Company: City of Lewisville  
 Assembly "U" number: 35E-U-0507-001  
 Type of Utilities: Water & Wastewater Line Relocations  
 Date on Utility's plans: 6/23/15 No. of sheets in Utility's plans: 73

I, the Utility Manager (UM) working on behalf of the Developer (AGL) certify that a review of the above referenced Utility plans concerning the proposed highway improvements on the IH 35 Managed lanes has been completed and have not identified any conflicts between the Utility's proposed relocation and any existing and/or proposed Utilities.

The proposed Utility plans conform to Title 43, Texas Administrative Code, Section 21.31 – 21.56 of the Utility Accommodation Rules.

Check box if there are any areas of concern and insert comments below:

Print Name:  
(Utility Manager-  
UM) Rich Krog Date: 6/24/15

Sign Name:  
(UM) *Rich Krog* Date: 6/24/15

Print Name:  
(Utility Design  
Coordinator –  
UDC) Joseph Murphy Date: \_\_\_\_\_

Sign Name:  
(UDC) *Joseph Murphy* Date: 6-24-15

Utility  
Coordination  
Firm Name: LTRA

This form must be completed/signed and included in each Utility Assembly submitted to the Texas Department of Transportation.



## Developer's Utility Design Coordinator Utility No Conflict Sign-Off Form

Utility Design Coordinator:	Joseph Murphy	
Date plans received:	6/23/15	
Utility Company:	City of Lewisville	
Assembly "U" number:	35E-U-0507-001	
Type of Utilities:	Water & Wastewater Line Relocations	
Date on Utility's plans:	6/23/15	No. of sheets in Utility's plans: 73

I, the Utility Design Coordinator (UDC) on behalf of the Developer (AGL ) certify that a review of the above referenced Utility plans concerning the proposed highway improvements on the IH 35 Managed Lanes has been completed and have not identified any conflicts between the Utility's proposed relocation and any design features.

Design features include but are not limited to pavement structures, drainage facilities, bridges, retaining walls, traffic signals, illumination, signs, foundations, duct/conduit, ground boxes, erosion control facilities, water quality facilities and other Developer-Managed Utilities.

Any design changes to the IH 35 Managed Lanes roadway after the signing of this form will be coordinated through the Developer's Utility Manager and the affected Utility Owner.

Check box if there are any areas of concern and insert comments below:

Print Name: \_\_\_\_\_ Date: \_\_\_\_\_  
 (UDC) \_\_\_\_\_ Joseph Murphy \_\_\_\_\_  
 Utility Design Coordinator (UDC)

Sign Name: \_\_\_\_\_ Date: 6-24-15  
 (UDC) \_\_\_\_\_  \_\_\_\_\_

Utility Coordination Firm Name: LTRA \_\_\_\_\_

This form must be completed/signed and included in each Utility Assembly submitted to the Texas Department of Transportation.

County: Denton  
Highway: IH35E  
Limits: From: Dallas/Denton County  
Line  
To: South of Garden Ridge  
Boulevard  
Fed. Proj. No.: IM 0356 (438)  
ROW CSJ No.: 0196-02-109 &  
0196-02-115  
Const. CSJ No.: 0196-02-068 &  
0196-02-114

**UTILITY ADJUSTMENT AGREEMENT AMENDMENT (Developer Managed)**

**(Amendment No. 001 to Agreement No.: 35E-U-0507)**

**THIS AMENDMENT TO PROJECT UTILITY ADJUSTMENT AGREEMENT** (this “Amendment”), by and between AGL Constructors, hereinafter identified as the “**Developer**”, and the City of Lewisville, hereinafter identified as the “**Owner**”, is as follows:

**WITNESSETH**

**WHEREAS**, the STATE of TEXAS, acting by and through the Texas Department of Transportation, hereinafter identified as “TxDOT”, proposes to construct the toll project identified above (the “Project”, as more particularly described in the “Original Agreement”, defined below); and

**WHEREAS**, pursuant to that certain Development Agreement (“DA”) by and between TxDOT and the Developer with respect to the Project, the Developer has undertaken the obligation to design, construct, and potentially maintain the Project, including causing the removal, relocation, or other necessary adjustment of existing utilities impacted by the Project (collectively, “Adjustment”); and

**WHEREAS**, the Owner and Developer are parties to that certain executed Project Utility Adjustment Agreement designated by the “Agreement No.” indicated above, as amended by previous amendments, if any (the “Original Agreement”), which provides for the adjustment of certain utilities owned and/or operated by the Owner (the “Utilities”); and

**WHEREAS**, the parties are required to utilize this Amendment form in order to modify the Original Agreement to add the adjustment of Owner facilities not covered by the Original Agreement; and

**WHEREAS**, the parties desire to amend the Original Agreement to add additional Owner utility facility(ies), on the terms and conditions hereinafter set forth.

**NOW, THEREFORE**, in consideration of the agreements contained herein, the parties hereto agree as follows:

1. **Amendment.** The Original Agreement is hereby amended as follows:

1.1 **Plans.**

(a) The description of the Owner Utilities and the proposed Adjustment of the Owner Utilities in the Original Agreement is hereby amended to add the following utility

facility(ies) ("Additional Owner Utilities") and proposed Adjustment(s) to the Owner Utilities described in the Original Agreement.

Utility relocation of approximately 311 lf. of 20" RCCP C303 waterline, 4,834 lf. of 12" PVC C900 waterline, 141 lf. of 24" PVC C900, 47 lf. of 8" SDR21 wastewater line, 492 lf. of 24" steel casing, 141 lf. of 30" steel casing, and 16 lf. of 36" steel casing placed from ML Station 986+19 to ML Station 1267+94; and

- (b) The Plans, as defined in Paragraph 1 of the Original Agreement, are hereby amended to add thereto the plans, specifications and cost estimates attached hereto as Exhibit A.
- (c) The Plans attached hereto as Exhibit A, along with this Amendment, shall be submitted upon execution to TxDOT in accordance with Paragraph 2 of the Original Agreement, and Paragraph 2 shall apply to this Amendment and the Plans attached hereto in the same manner as if this Amendment were the Original Agreement. If the Owner claims an Existing Interest for any of the Additional Owner Utilities, documentation with respect to such claim shall be submitted to TxDOT as part of this Amendment and the attached Plans, in accordance with Paragraph 15(a) of the Original Agreement.

1.2 **Reimbursement of Owner's Indirect Costs.** For purposes of Paragraph 6 of the Original Agreement, the following terms apply to the Additional Owner Utilities and proposed Adjustment:

- (a) Developer agrees to reimburse the Owner its share of the Owner's indirect costs (e.g., engineering, inspection, testing, ROW) as identified in Exhibit A. When requested by the Owner, monthly progress payments will be made. The monthly payment will not exceed 80% of the estimated indirect work done to date. Once the indirect work is complete, final payment of the eligible indirect costs will be made. Intermediate payments shall not be construed as final payment for any items included in the intermediate payment.
- (b) The Owner's indirect costs associated with Adjustment of the Owner Utilities shall be developed pursuant to the method checked and described below [*check only one box*]:
  - (1) Actual related indirect costs accumulated in accordance with (i) a work order accounting procedure prescribed by the applicable Federal or State regulatory body, or (ii) established accounting procedure developed by the Owner and which the Owner uses in its regular operations (either (i) or (ii) referred to as "Actual Cost") or,
  - (2) The agreed sum of \$\_\_\_ ("Agreed Sum") as supported by the analysis of the Owner's estimated costs attached hereto as part of Exhibit A.

1.3 **Advancement of Funds by Owner for Construction Costs.**

- (a) Advancement of Owner's Share, if any, of estimated costs

Exhibit A shall identify all estimated engineering and construction-related costs, including labor, material, equipment and other miscellaneous construction items. Exhibit A shall also identify the Owner's and Developer's respective shares of the estimated costs.

The Owner shall advance to the Developer its allocated share, if any, of the estimated costs for construction and engineering work to be performed by Developer, in accordance with the following terms:

- The adjustment of the Owner's Utilities does not require advancement of funds.
- The adjustment of the Owner's Utilities does require advancement of funds and the terms agreed to between the Developer and Owner are listed below.

*[Insert terms of advance funding to be agreed between Developer and Owner.]*

(b) Adjustment Based on Actual Costs or Agreed Sum

*[Check the one appropriate provision, if advancement of funds is required]:*

- The Owner is responsible for its share of the Developer actual cost for the Adjustment, including the identified Betterment. Accordingly, upon completion of all Adjustment work to be performed by both parties pursuant to this Amendment, (i) the Owner shall pay to the Developer the amount, if any, by which the actual cost of the Betterment (as determined in Paragraph 9(b)) plus the actual cost of Owner's share of the Adjustment (based on the allocation set forth in Exhibit A) exceeds the estimated cost advanced by the Owner, or (ii) the Developer shall refund to the Owner the amount, if any, by which such advance exceeds such actual cost, as applicable.
- The Agreed Sum is the agreed and final amount due for the Adjustment, including any Betterment, under this Amendment. Accordingly, no adjustment (either up or down) of such amount shall be made based on actual costs.

1.4 Paragraph intentionally left blank.

1.5 **Responsibility for Costs of Adjustment Work.** For purposes of Paragraph 4 of the Original Agreement, responsibility for the Agreed Sum or Actual Cost, as applicable, of all Adjustment work to be performed pursuant to this Amendment shall be allocated between the Developer and the Owner as identified in Exhibit A hereto and in accordance with §203.092, Texas Transportation Code. An allocation percentage may be determined by application of an eligibility ratio, if appropriate, as detailed in Exhibit A, provided however, that any portion of an Agreed Sum or Actual Cost attributable to Betterment shall be allocated 100% to the Owner in accordance with Paragraph 9 of the Original Agreement.

1.6 **Betterment.**

(a) Paragraph 9(b) (Betterment and Salvage) of the Original Agreement is hereby amended to add the following *[Check the one box that applies, and complete if appropriate]:*

- The Adjustment of the Additional Owner Utilities, pursuant to the Plans as amended herein, does not include any Betterment.

- The Adjustment of the Additional Owner Utilities, pursuant to the Plans as amended herein, includes Betterment to the Additional Owner Utilities by reason of *[insert explanation, e.g. "replacing 12" pipe with 24" pipe]*: \_\_\_\_\_. The Developer has provided to the Owner comparative estimates for (i) all work to be performed by the Developer pursuant to this Amendment, including work attributable to the Betterment, and (ii) the cost to perform such work without the Betterment, which estimates are hereby approved by the Owner. The estimated cost of the Developer work under this Amendment which is attributable to Betterment is \$\_\_\_\_\_, calculated by subtracting (ii) from (i). The percentage of the total cost of the Developer work under this Amendment which is attributable to Betterment is \_\_\_\_\_%, calculated by subtracting (ii) from (i), which remainder is divided by (i).
- (b) If the above Paragraph 1.6(a) identifies Betterment, the Owner shall advance to the Developer, at least **fourteen (14) days** prior to the date scheduled for commencement of construction for Adjustment of the Additional Owner Utilities, the estimated cost attributable to Betterment as set forth in Paragraph 1.6(a) of this Amendment. If the Owner fails to advance payment to the Developer on or before the foregoing deadline, the Developer shall have the option of commencing and completing (without delay) the Adjustment work without installation of the applicable Betterment. *[Check the one appropriate provision]*:
- The estimated cost stated in Paragraph 1.6(a) of this Amendment is the agreed and final amount due for Betterment under this Amendment, and accordingly no adjustment (either up or down) of such amount shall be made based on actual costs.
- The Owner is responsible for the Developer Actual Cost for the identified Betterment. Accordingly, upon completion of all Adjustment work to be performed by both parties pursuant to this Amendment, (i) the Owner shall pay to the Developer the amount, if any, by which the actual cost of the Betterment (determined as provided below in this paragraph) exceeds the estimated cost advanced by the Owner, or (ii) the Developer shall refund to the Owner the amount, if any, by which such advance exceeds such actual cost, as applicable. Any additional payment by the Owner shall be due within **sixty (60) days** after the Owner's receipt of the Developer's invoice therefor, together with supporting documentation; any refund shall be due within **sixty (60) days** after completion of the Adjustment work under this Amendment. The Actual Cost of Betterment incurred by the Developer shall be calculated by multiplying (i) the Betterment percentage stated in Paragraph 1.6(a) of this Amendment, by (ii) the Actual Cost of all work performed by the Developer pursuant to this Amendment (including work attributable to the Betterment), as invoiced by the Developer to the Owner.
- (c) The determinations and calculations of Betterment described in this Amendment shall exclude right-of-way acquisition costs. Betterment in connection with right-of-way acquisition is addressed in Paragraph 15 of the Original Agreement.

#### 1.7 Miscellaneous.

- (a) Owner and Developer agree to refer to this Amendment, designated by the "Amendment No." and "Agreement Number" indicated on page 1 above, on all future correspondence regarding the Adjustment work that is the subject of this Amendment and to track

separately all costs relating to this Amendment and the Adjustment work described herein.

- (b) [*Include any other proposed amendments allowed by applicable law.*]

2. **General.**

- (a) All capitalized terms used in this Amendment shall have the meanings assigned to them in the Original Agreement, except as otherwise stated herein.
- (b) This Amendment may be executed in any number of counterparts. Each such counterpart hereof shall be deemed to be an original instrument but all such counterparts together shall constitute one and the same instrument.
- (c) Except as amended hereby, the Original Agreement shall remain in full force and effect. In no event shall the responsibility, as between the Owner and the Developer, for the preparation of the Plans and the Adjustment of the Owner Utilities be deemed to be amended hereby.
- (d) This Amendment shall become effective upon the later of (a) the date of signing by the last party (either the Owner or the Developer) signing this Amendment, and (b) the completion of TxDOT's review and approval as indicated by the signature of TxDOT's representative, below.

APPROVED BY:

**TEXAS DEPARTMENT OF  
TRANSPORTATION**

**OWNER**

City of Lewisville  
[Print Owner Name]

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

By: \_\_\_\_\_  
Duly Authorized Representative

Printed  
Name: Donald C. Toner, Jr. SR/WA  
Director - Strategic Projects Right of Way  
Strategic Projects Division

Printed  
Name: Donna Barron  
Title: City Manager

Date: \_\_\_\_\_

Date: \_\_\_\_\_

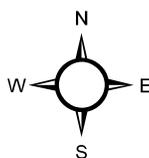
**DEVELOPER**

By:   
Duly Authorized Representative

Printed  
Name: Ralph Krug  
Title: Asst Utility Manager  
Date: 4/29/15



**LEWISVILLE**  
Deep Roots. Broad Wings. Bright Future.



SCALE : 1" = 600'

LOCATION MAP  
FOR  
IH35E SEGMENT 2  
SANITARY SEWER  
ABANDONMENT  
VISTA RIDGE MALL DRIVE



S.H.  
121  
BUS

MILL ST

SUBJECT  
LOCATION



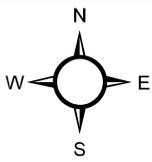
BELLAIRE BLVD

BENNETT LANE

S.H.  
121  
BUS



**LEWISVILLE**  
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SCALE : 1" = 600'

LOCATION MAP  
FOR  
IH35E SEGMENT 2  
WATER ABANDONMENT  
BENNETT LANE



SUBJECT  
LOCATIONS

MAIN ST (FM 1174)

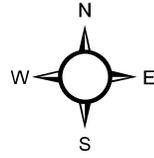
COLLEGE ST

PURNELL ST

HIGH SCHOOL DR



**LEWISVILLE**  
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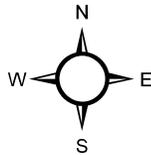


SCALE : 1" = 600'

LOCATION MAP  
FOR  
IH35E SEGMENT 2  
WATER ABANDONMENT  
HIGH SCHOOL DR & PRAIRIE CREEK

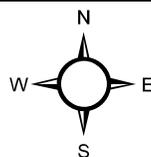


**LEWISVILLE**  
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SCALE : 1" = 600'

LOCATION MAP  
FOR  
IH35E SEGMENT 2  
WATER ABANDONMENT  
KCS RAILROAD



SCALE : 1" = 600'

LOCATION MAP  
FOR  
IH35E SEGMENT 2  
WATER ABANDONMENT  
SAM RAYBURN TOLL

## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** Brenda Martin, Director of Finance

**DATE:** July 6, 2015

**SUBJECT:** **Approval of an Agreement for Ad Valorem Tax Billing and Collection Between the City of Lewisville and Denton County for Fiscal Year 2015-16; and Authorization for the City Manager to Execute the Agreement.**

### BACKGROUND

The City has received a new one-year agreement from the Denton County Tax Assessor's office to bill and collect City ad valorem taxes. This agreement also has a provision for an automatic one year renewal. The City started using Denton County Tax Assessor for the billing and collection of the City's ad valorem taxes in the 1997-98 fiscal year due to their ability to provide this service at a lower overall cost than the City could do in-house.

### ANALYSIS

This agreement is the same as it was for this year. The County billed the City \$0.69 times the number of parcels on the City's tax roll. This coming year, the rate will be the same \$.69 cents per parcel for their services. This year's cost was \$22,289.76.

Funding to cover this expenditure is proposed in the Finance Department General Fund 2015-16 budget. Additionally, collection percentages have remained well in excess of 98% of the current tax which is comparable to the percentage when the City performed this service.

### RECOMMENDATION

It is City staff's recommendation that the City Council approve the agreement as set forth in the caption above.

**THE STATE OF TEXAS §**

**COUNTY OF DENTON §**

**INTERLOCAL COOPERATION AGREEMENT FOR TAX COLLECTION  
BETWEEN DENTON COUNTY, TEXAS, AND CITY/  
TOWN OF \_\_\_\_\_**

**THIS AGREEMENT** is made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2015, by and between **DENTON COUNTY**, a political subdivision of the State of Texas, hereinafter referred to as "**COUNTY**," and, the **City/Town of \_\_\_\_\_**, Denton County, Texas, also a political subdivision of the State of Texas, hereinafter referred to as "**MUNICIPALITY**."

**WHEREAS, COUNTY** and **MUNICIPALITY** mutually desire to be subject to the provisions of V.T.C.A. Government Code, Chapter 791, the Interlocal Cooperation Act, and V.T.C.A., Tax Code, Section 6.24 and 25.17 and;

**WHEREAS, MUNICIPALITY** has the authority to contract with the **COUNTY** for the **COUNTY** to act as tax assessor and collector for **MUNICIPALITY** and **COUNTY** has the authority to so act;

**NOW THEREFORE, COUNTY** and **MUNICIPALITY**, for and in consideration of the mutual promises, covenants, and agreements herein contained, do agree as follows:

I.

The effective date of this Agreement shall be the 1<sup>st</sup> day of October, 2015. The term of this Agreement shall be for a period of one year, from October 1, 2015, to and through September 30, 2016. This Agreement shall be automatically renewed for an additional one (1) year term at the discretion of the **COUNTY** and **MUNICIPALITY**, unless written notice of termination is provided by the terminating party to the other party prior to one hundred-fifty (150) days of the expiration date of the current term of the Agreement. **MUNICIPALITY** agrees to deliver this agreement no later than September 30, 2015 in manner required by **COUNTY** to fully execute said collection services by **COUNTY**.

II.

For the purposes and consideration herein stated and contemplated, **COUNTY** shall provide the following necessary and appropriate services for **MUNICIPALITY** to the maximum extent authorized by this Agreement, without regard to race, sex, religion, color, age, disability, or national origin:

1. **COUNTY**, by and through its duly qualified tax assessor-collector, shall serve as tax assessor-collector for parcels in Denton County of the **MUNICIPALITY** for ad valorem tax collection for tax year 2015, and each tax year for the duration of this Agreement. **COUNTY** agrees to perform all necessary ad valorem assessing and collecting duties for **MUNICIPALITY** and **MUNICIPALITY** does hereby expressly authorize **COUNTY** to do and perform all acts necessary and proper to assess and collect taxes for **MUNICIPALITY**. **COUNTY** agrees to collect base taxes, penalties, interest, and attorney's fees.

2. **COUNTY** agrees to prepare and mail all current and delinquent tax

statements required by statute, supplemental changes for applicable property accounts, as well as prepare and mail any other mailing as deemed necessary and appropriate by **COUNTY**; provide daily and monthly collection reports to **MUNICIPALITY**; prepare tax certificates; develop and maintain both current and delinquent tax rolls, disburse tax monies to **MUNICIPALITY** daily (business day) based on prior day tax postings. **COUNTY** agrees to approve and refund overpayment or erroneous payment of taxes for **MUNICIPALITY** pursuant to Texas Property Tax code Sections 31.11 and 31.12 from available current tax collections of **MUNICIPALITY**; meet the requirements of Section 26.04 of the Texas Tax Code; and to develop and maintain such other records and forms as are necessary or required by State law, rules, or regulations.

3. **COUNTY** further agrees that it will calculate the effective tax rates and rollback tax rates for **MUNICIPALITY** and that such calculations will be provided at no additional cost to **MUNICIPALITY**. The information concerning the effective and rollback tax rates will be published in the form prescribed by the Comptroller of Public Accounts of the State of Texas, and as required by Section 26.04 of V.T.C.A. Tax Code. **MUNICIPALITY** shall notify tax assessor-collector no later than July 25th of each year that **MUNICIPALITY** wishes publication of forms or notices specified in this section. **MUNICIPALITY** further agrees that if **COUNTY** calculates effective and rollback tax rates, **COUNTY** shall publish the required notices on behalf of **MUNICIPALITY**.

It is understood and agreed by the parties that the expense of publication shall be borne by **MUNICIPALITY** and that **COUNTY** shall provide **MUNICIPALITY**'s billing address to the newspaper publishing the effective and rollback tax rates.

4. **COUNTY** agrees, upon request, to offer guidance and the necessary forms for posting notices of required hearing and quarter-page notices as required by Sections 26.05 and 26.06 of V.T.C.A. Tax Code and Section 140.010 of Local Government Code, if **MUNICIPALITY** requests such 7 days in advance of the intended publication date, **COUNTY** agrees to manage all notices and publications on behalf of **MUNICIPALITY** if request is received no later than July 25th. **MUNICIPALITY** must approve all calculations and notices, in the format required by **COUNTY**, before publication may proceed. The accuracy and timeliness of all required notices are the responsibility of **MUNICIPALITY**.

5. Should **MUNICIPALITY** vote to increase its tax rate above the rollback tax rate the required publication of notices shall be the responsibility of **MUNICIPALITY**.

6. **COUNTY** agrees to develop and maintain written policies and procedures of its operation. **COUNTY** further agrees to make available full information about the operation of the County Tax Office to **MUNICIPALITY**, and to promptly furnish written reports to keep **MUNICIPALITY** informed of all financial information affecting it.

7. **MUNICIPALITY** agrees to promptly deliver to **COUNTY** all records that it has accumulated and developed in the assessment and collection of taxes, and to cooperate in furnishing or locating any other information and records needed by **COUNTY** to perform its duties under the terms and conditions of this Agreement.

8. **COUNTY** agrees to allow an audit of the tax records of **MUNICIPALITY** in **COUNTY'S** possession during normal working hours with at least 48 hours advance, written notice to **COUNTY**. The expense of any and all such audits shall be paid by **MUNICIPALITY**. A copy of any and all such audits shall be furnished to **COUNTY**.

9. If required by **MUNICIPALITY**, **COUNTY** agrees to obtain a surety bond for the County Tax Assessor/Collector. Such bond will be conditioned upon the faithful performance of the Tax Assessor/Collector's lawful duties, will be made payable to **MUNICIPALITY** and in an amount determined by the governing body of **MUNICIPALITY**. The premium for any such bond shall be borne solely by **MUNICIPALITY**.

10. **COUNTY** agrees that it will post a notice on its website, as a reminder that delinquent tax penalties will apply to all assessed taxes which are not paid by January 31, 2016. **COUNTY** agrees to mail a reminder notice to delinquent property accounts in the month of February notifying that delinquent tax penalties will apply to all assessed taxes which are not paid by January 31, 2016. The reminder notices will be mailed between February 5<sup>th</sup> and February 28<sup>th</sup>.

11. **COUNTY** agrees that it will post to a secure website collection reports for **MUNICIPALITY** listing current taxes, delinquent taxes, penalties and interest on a daily

basis through September 30, 2016. **COUNTY** will provide monthly Maintenance and Operation (hereinafter referred to as “MO”), and Interest and Sinking (hereinafter referred to as “IS”) collection reports; provide monthly recap reports; and provide monthly attorney fee collection reports.

12. **MUNICIPALITY** retains its right to select its own delinquent tax collection attorney and **COUNTY** agrees to reasonably cooperate with the attorney selected by **MUNICIPALITY** in the collection of delinquent taxes and related activities.

13. **MUNICIPALITY** will provide **COUNTY** with notice of any change in collection attorney on or before the effective date of the new collection attorney contract.

### III.

**COUNTY** hereby designates the Denton County Tax Assessor/ Collector to act on behalf of the County Tax Office and to serve as Liaison for **COUNTY** with **MUNICIPALITY**. The County Tax Assessor/Collector, and/or his/her designee, shall ensure the performance of all duties and obligations of **COUNTY**; shall devote sufficient time and attention to the execution of said duties on behalf of **COUNTY** in full compliance with the terms and conditions of this Agreement; and shall provide immediate and direct supervision of the County Tax Office employees, agents, contractors, subcontractors, and/or laborers, if any, in the furtherance of the purposes, terms and conditions of this Agreement for the mutual benefit of **COUNTY** and **MUNICIPALITY**.

IV.

**COUNTY** accepts responsibility for the acts, negligence, and/or omissions related to property tax service of all **COUNTY** employees and agents, sub-contractors and /or contract laborers, and for those actions of other persons doing work under a contract or agreement with **COUNTY** to the extent allowed by law.

V.

**MUNICIPALITY** accepts responsibility for the acts, negligence, and/or omissions of all **MUNICIPALITY** employees and agents, sub-contractors and/or contract laborers, and for those of all other persons doing work under a contract or agreement with **MUNICIPALITY** to the extent allowed by law.

VI.

**MUNICIPALITY** understands and agrees that **MUNICIPALITY**, its employees, servants, agents, and representatives shall at no time represent themselves to be employees, servants, agents, and/or representatives of **COUNTY**. **COUNTY** understands and agrees that **COUNTY**, its employees, servants, agents, and representatives shall at no time represent themselves to be employees, servants, agents, and/or representatives of **MUNICIPALITY**.

## VII.

For the services rendered during the 2015 tax year, **MUNICIPALITY** agrees to pay **COUNTY** for the receipting, bookkeeping, issuing, and mailing of tax statements as follows:

1. The current tax statements will be mailed by October 10<sup>th</sup> or as soon thereafter as practical. In order to expedite mailing of tax statements the **MUNICIPALITY** must adopt their 2015 tax rate by September 29, 2015. Failure of the **MUNICIPALITY** to adopt a tax rate by September 29, 2015 may cause delay in timely mailing of tax statements. Pursuant to Texas Property Tax Code §26.05 the **MUNICIPALITY** must adopt a tax rate by the later of September 30<sup>th</sup> or 60 days after the certified appraisal roll is received. Failure to adopt and deliver a tax rate by the later of September 30<sup>th</sup> or 60 days after the certified appraisal roll is received may result in delay of processing and mailing **MUNICIPALITY** tax statements. **MUNICIPALITY** agrees to assume the costs for additional delayed tax statements, processing and mailing as determined by **COUNTY**. Notwithstanding the provisions of the Tax Code, if **MUNICIPALITY** fails to deliver the adopted tax rates (M&O and I&S) to the Tax Assessor Collector by September 29, 2015, it may will cause a delay in the publication and release of tax statements.

2. **COUNTY** will mail an additional notice during the month of March following the initial mailing provided that **MUNICIPALITY** has requested such a notice on or before February 28th. The fee for this service will be a rate not to exceed **\$0.69** per statement.

3. At least 30 days, but no more than 60 days, prior to April 1st, and following the initial mailing, **COUNTY** shall mail a delinquent tax statement meeting the

requirements of Section 33.11 of the Texas Property Tax Code to the owner of each parcel to the owner of each parcel having delinquent taxes.

4. At least 30 days, but no more than 60 days, prior to July 1st, and following the initial mailing, **COUNTY** will mail a delinquent tax statement meeting the requirements of Section 33.07 of the Texas Property Tax Code will be mailed to the owner of each parcel having delinquent taxes.

5. For accounts which become delinquent on or after June 1<sup>st</sup>, **COUNTY** shall mail a delinquent tax statement meeting the requirements of Section 33.08 of the Texas Property Tax Code to the owner of each parcel having delinquent taxes.

6. In event of a successful rollback election which takes place after tax bills for **MUNICIPALITY** have been mailed, **MUNICIPALITY** agrees to pay **COUNTY** a programming charge of \$5,000.00. **COUNTY** will mail corrected statements to the owner of each parcel. **COUNTY** will charge a fee for this service at a rate not to exceed **\$0.69** per statement pursuant to Property Tax Code Section 26.07 (f). When a refund is required per Property Tax Code Section 26.07 (g), **COUNTY** will charge a \$.25 processing fee per check, in addition to the corrected statement mailing costs. Issuance of refunds, in the event of a successful rollback election, will be the responsibility of the **COUNTY**. **MUNICIPALITY** will be billed for the refunds, postage and processing fees.

7. **MUNICIPALITY** understands and agrees that **COUNTY** will, no later than January 31<sup>st</sup>, deduct from current collections of the **MUNICIPALITY** the “Total Cost” of providing all services described in paragraphs 1-5 above. This “Total Cost” includes any such services that have not yet been performed at the time of deduction. The “Total Cost” of providing all services described in paragraphs 1-5 above shall be the total of:

\$ 0.69 x the total number of parcels listed on **MUNICIPALITY's** September 30, 2014 end of year Tax Roll for tax year 2014.

In the event that a rollback election as described in paragraph 6 takes place, **COUNTY** shall bill **MUNICIPALITY** for the applicable programming charge, check processing fees, refunds paid, and refund postage costs. **MUNICIPALITY** shall pay **COUNTY** all billed amounts within 30 days of its receipt of said bill. In the event costs for additional delayed tax statements, processing and mailing are incurred as described in paragraph 1, **COUNTY** shall bill **MUNICIPALITY** for such amounts. **MUNICIPALITY** shall pay **COUNTY** all such billed amounts within 30 days of its receipt of said bill.

8. **MUNICIPALITY** further understands and agrees that **COUNTY** (at its sole discretion) may increase or decrease the amounts charged to **MUNICIPALITY** for any renewal year of this Agreement, provided that **COUNTY** gives written notice to **MUNICIPALITY** sixty (60) days prior to the expiration date of the initial term of the Agreement. The County Budget Office establishes collection rates annually based on a survey of actual annual costs incurred by the **COUNTY** in performing tax collection services. The collection rate for each year is approved by County Commissioners' Court. All entities are assessed the same per parcel collection rate.

#### VIII.

**COUNTY** agrees to remit all taxes, penalties, and interest collected on **MUNICIPALITY's** behalf and to deposit such funds into the **MUNICIPALITY's** depositories as designated:

1. For deposits of tax, penalties, and interest, payment shall be by wire transfer or ACH to **MUNICIPALITY** depository accounts only, and segregated into the appropriate MO and IS accounts. Only in the event of failure of electronic transfer protocol will a check for deposits of tax, penalty and interest be sent by mail to **MUNICIPALITY**.

2. If **MUNICIPALITY** uses the same depository as **COUNTY**, the deposits of tax, penalty and interest shall be by deposit transfer.

3. In anticipation of renewal of this Agreement, **COUNTY** further agrees that deposits will be made daily through September 30, 2016. It is expressly understood, however, that this obligation of **COUNTY** shall not survive termination of this Agreement, whether by termination by either party or by failure of the parties to renew this Agreement.

4. In event that **COUNTY** experiences shortage in collections as a result of an outstanding tax debt of **MUNICIPALITY**, the **MUNICIPALITY** agrees a payment in the amount of shortage shall be made by check or ACH to **COUNTY** within 15 days after notification of such shortage.

#### IX.

In the event of termination, the withdrawing party shall be obligated to make such payments as are required by this Agreement through the balance of the tax year in which notice is given. **COUNTY** shall be obligated to provide services pursuant to this Agreement, during such period.

X.

This Agreement represents the entire agreement between **MUNICIPALITY** and **COUNTY** and supersedes all prior negotiations, representations, and/or agreements, either written or oral. This Agreement may be amended only by written instrument signed by the governing bodies of both **MUNICIPALITY** and **COUNTY** or those authorized to sign on behalf of those governing bodies.

XI.

Any and all written notices required to be given under this Agreement shall be delivered or mailed to the listed addresses:

**COUNTY:**  
County Judge of Denton County  
110 West Hickory  
Denton, Texas 76201  
Telephone 940-349-2820

**MUNICIPALITY:**

The City/Town of \_\_\_\_\_

Address: \_\_\_\_\_

City, State, Zip: \_\_\_\_\_

Telephone: \_\_\_\_\_ Email: \_\_\_\_\_

XII.

**MUNICIPALITY** hereby designates \_\_\_\_\_ to act on behalf of **MUNICIPALITY**, and to serve as Liaison for **MUNICIPALITY** to ensure the performance of all duties and obligations of **MUNICIPALITY** as stated in this Agreement. **MUNICIPALITY**'s designee shall devote sufficient time and attention to the execution of said duties on behalf of **MUNICIPALITY** in full compliance with the terms and conditions of this Agreement; shall provide immediate and direct supervision of the **MUNICIPALITY** employees, agents, contractors, subcontractors, and/or laborers, if any, in the furtherance of the purposes, terms and conditions of this Agreement for the mutual benefit of **MUNICIPALITY** and **COUNTY**.

XIII.

In the event that any portion of this Agreement shall be found to be contrary to law, it is the intent of the parties that the remaining portions shall remain valid and in full force and effect to the extent possible.

XIV.

The undersigned officers and/or agents of the parties are the properly authorized officials and have the necessary authority to execute this agreement on behalf of the parties. Each party hereby certifies to the other that any resolutions necessary for this Agreement have been duly passed and are now in full force and effect.

Executed in duplicate originals this, \_\_\_\_\_ day of \_\_\_\_\_ 2015.

**COUNTY**

Denton County  
110 West Hickory  
Denton, Texas 76201

BY: \_\_\_\_\_  
Honorable Mary Horn  
Denton County Judge

ATTEST:

BY: \_\_\_\_\_  
Juli Luke  
Denton County Clerk

APPROVED FORM AND CONTENT:

\_\_\_\_\_  
Michelle French  
Denton County  
Tax Assessor/Collector

**MUNICIPALITY**

Town/City: \_\_\_\_\_  
Address: \_\_\_\_\_  
City, State, Zip: \_\_\_\_\_

BY: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

ATTEST:

BY: \_\_\_\_\_  
Name \_\_\_\_\_  
Title \_\_\_\_\_

APPROVED AS TO FORM:

\_\_\_\_\_  
Denton County Assistant  
District Attorney

## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** Brenda Martin, Director of Finance

**DATE:** July 6, 2015

**SUBJECT:** **Consideration of a Resolution Approving the Fiscal Year 2016 Financial Plan of the Denco Area 9-1-1 District.**

### BACKGROUND

At its June 11, 2015 regular meeting, the Denco Area 9-1-1 District Board of Managers unanimously approved the FY 2016 draft financial plan. Pursuant to Section 772.309 of the Texas Health and Safety Code, Denco Area 9-1-1 is required to provide a draft of its annual financial plan to all participating jurisdictions for a review and comment period. Response is requested prior to August 14, 2015. The District Board of Managers at their regular meeting on September 10, 2015 will consider responses on the draft budget and final approval of the 2016 financial plan.

### ANALYSIS

Highlights of the Denco 2016 Financial Plan:

This summer, Denco will implement text-to-911 services permitting any citizen to request public safety services via a text message. This advanced capability will not only assist callers who must remain silent while seeking help, but will also provide a new lifeline for speech and/or hearing impaired citizens across the district.

The end of year estimated fund balance for fiscal year 2016 is anticipated to be \$3,982,808, a decrease of \$381,277 due to expenditures being higher than anticipated revenues. Expenditures include the continued evolution of 9-1-1 services and completing the full deployment of the aforementioned text-to-911 services and improvements to GIS data. Revenues for 2016 are proposed to be 6.2% higher than 2015 estimated revenues.

Denco's draft financial plan provides for the continued provision of enhanced 9-1-1 services at the same rate that Denco has collected from district residents since its inception in 1987. The emergency service fee collected by the telephone service providers is \$0.27 per month for residential, \$0.71 per month for business customers, and \$1.13 per month for PBX trunks. This fee is equal to three-percent of the 1987 base telephone rate.

Subject: Resolution Approving the Fiscal Year 2016 Financial Plan of the Denco Area 9-1-1 District  
July 6, 2015  
Page 2

In addition to the emergency service fee collected by local telephone service providers, the State of Texas collects \$.50 per month per wireless telephone and beginning June 2010 2% on all prepaid wireless phone services. Those fees are remitted to the state. The state then sends a portion of the wireless funds to Denco based on the district's percent of the total population of Texas.

The 9-1-1 emergency service fees are the primary sources of revenue that support operations of the Denco Area 9-1-1 District, representing 95.6% of the anticipated revenue budget.

### **RECOMMENDATION**

It is City staff's recommendation that the City Council approve the resolution as set forth in the caption above



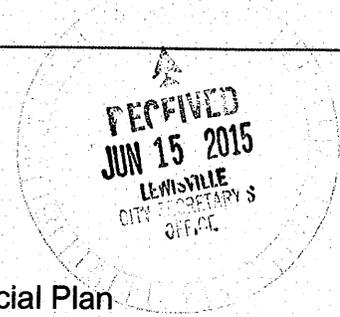
## Denco Area 9-1-1 District

1075 Princeton Street ▪ Lewisville, TX 75067 ▪ Mailing: PO BOX 293058 ▪ Lewisville, TX 75029-3058  
Phone: 972-221-0911 ▪ Fax: 972-420-0709

To: Denco Area 9-1-1 District Participating Jurisdictions

Date: June 12, 2015

Subject: Denco Area 9-1-1 District Draft Fiscal Year 2016 Financial Plan



Enclosed is a copy of the "Draft" Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan for your jurisdiction's review and comment. The Texas Health and Safety Code requires emergency communication districts to submit the draft budget to its participating jurisdictions for a review and comment period. After the review and comment period, the District's board of managers adopts a budget for the next fiscal year. A copy of the statute and approval policy is included in Section 5 of the draft plan.

At its June 11, 2015 regular meeting, the Denco Area 9-1-1 District Board of Managers unanimously approved the enclosed financial plan for fiscal year 2016. The District requests that your jurisdiction review the fiscal year 2016 proposed budget and submit comments to the Denco board prior to August 18, 2015. At its regular meeting on September 10, 2015, the District's board of managers will consider final approval of the Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan. At that time, the board will consider responses to the draft budget.

If the District does not receive a response from individual jurisdictions, it will consider, according to statute, that those jurisdictions support the draft budget.

Please fax responses to (972) 420-0709 or mail them to P.O. Box 293058, Lewisville, Texas 75029-3058. You may also email your response to Carla Flowers, Director of Administration, at [carla.flowers@denco.org](mailto:carla.flowers@denco.org).

Additional copies of the 2016 financial plan can be downloaded from Denco's website, [www.denco.org](http://www.denco.org). If you need additional information or have any questions, please do not hesitate to call me at (972) 221-0911.

Thanks for your continued support of the Denco Area 9-1-1 District.

Mark Payne, Executive Director

Enclosures

# **Denco Area 9-1-1 District**

**Fiscal Year 2016**



**DRAFT**

**Financial Plan**

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# **Denco Area 9-1-1 District**

**Fiscal Year 2016  
Financial Plan**

## **Section 1**

**Preface**

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## Denco Area 9-1-1 District

1075 Princeton Street ■ Lewisville, TX 75067 ■ Mailing: PO BOX 293058 ■ Lewisville, TX 75029-3058  
Phone: 972-221-0911 ■ Fax: 972-420-0709

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To: Denco Area 9-1-1 District Participating Jurisdictions  
Date: June 12, 2015  
Subject: Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan

The Denco Area 9-1-1 District Board of Managers, at its June 11, 2015, regular meeting, approved the “draft” Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan and authorized the District’s staff to forward it to all participating jurisdictions for review and comment. On behalf of the Board, I request that your governing body review the following budget and provide us with any comments prior to August 14, 2015.

This financial plan reflects Denco's commitment to provide a state-of-the-art, high availability, emergency 9-1-1 system to the citizens of the district, while preserving our long term financial viability; a tradition that began 25 years ago on August 18, 1990, when the first 9-1-1 call was made in the Denco district.

As the increasingly mobile and data-centric populace demands more interactivity with the 9-1-1 system, and with the higher cost of providing advanced technology, we are mindful of the need for a sustainable approach and have taken a long-term look at both revenue and expenses. The recommended budget maintains the quality programs our partner agencies rely upon while taking important steps to fully leverage the newly installed next generation 9-1-1 system.

This summer, as we celebrate our 25<sup>th</sup> year of service, we will implement text-to-911 services permitting any citizen to request public safety services via a text message. This advanced capability will not only assist callers who must remain silent while seeking help, but will also provide a new lifeline for speech and/or hearing impaired citizens across the district.

In 2016, the district will also focus on enhancing GIS data being used for a variety of public safety purposes. In the near future, this data will have a significantly enhanced role in the routing of all 9-1-1 calls, especially those coming from wireless devices.

The District will continue its strong commitment to its core 9-1-1 training programs and public education. The 2016 budget will also fund acquisition of land for a future data center to enhance the continuity of operations of the 9-1-1 system and related infrastructure.

Denco is committed to providing our citizens the most technologically advanced and best managed systems and services available. Please review the attached budget and provide us with any comments, either in support of the plan as proposed, or suggestions for improvement. If you have any questions or need additional information, please do not hesitate to contact Mark Payne, our executive director, at (972) 221-0911 or by email at [mark.payne@denco.org](mailto:mark.payne@denco.org). The Denco Area 9-1-1 District Board of Managers will adopt a final 2016 budget during our regular meeting in September.

The Denco Area 9-1-1 District Board of Managers and staff appreciate your support and confidence.

A handwritten signature in black ink, appearing to read 'Jack Miller'. The signature is fluid and cursive, written in a professional style.

Jack Miller, Chairman  
Board of Managers

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## Denco Area 9-1-1 District

1075 Princeton Street ▪ Lewisville, TX 75067 ▪ Mailing: PO BOX 293058 ▪ Lewisville, TX 75029-3058  
Phone: 972-221-0911 ▪ Fax: 972-420-0709

---

To: Denco Area 9-1-1 District Participating Jurisdictions  
Date: June 12, 2015  
Subject: Denco Area 9-1-1 District Fiscal Year 2015 Financial Plan

Enclosed is a copy of the "Draft" Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan for your jurisdiction's review and comment. Texas Health and Safety Code requires the District to submit the draft budget to its participating jurisdictions for a 45-day review and comment period. After the review and comment period, the District's board of managers will adopt a budget for 2016 based on the feedback received. A copy of the statute and approval policy is included in Section 5 of the draft budget.

At its June 11, 2015 regular meeting, the Denco Area 9-1-1 District Board of Managers unanimously approved the enclosed "Draft" financial plan to be submitted to its participating jurisdictions for consideration. The District requests that your jurisdiction review the proposed budget and submit comments to the Denco board prior to August 14, 2015. At its regular meeting on September 10, 2015, the Denco board will consider final approval of the 2016 Financial Plan. If the District does not receive a response from individual jurisdictions, it will assume, according to statute, that those jurisdictions support the draft budget.

Please fax responses to Denco at (972) 420-0709, email them to Carla Flowers, Director of Administration, at [carla.flowers@denco.org](mailto:carla.flowers@denco.org) or mail them to P.O. Box 293058, Lewisville, Texas 75029-3058. A PDF version of the 2016 financial plan can be downloaded from Denco's website, [www.denco.org](http://www.denco.org).

The enclosed budget includes the following sections that provide an overview of both the operations of the Denco Area 9-1-1 District and its financial position:

### Section 1: Preface

This section includes memorandums from Jack Miller, Chair of the Denco Board of Managers, and me. It provides a brief summary of the District's strategic plans for fiscal year 2016 and an overview of the approval process.

### Section 2: District Overview

The District overview provides a brief summary about the history of the Denco Area 9-1-1 District and its current operations. It also provides background information about the 9-1-1 system, its terminology and the benefits it provides.

### Section 3: Financial Plan Summary

Section 3 includes an executive summary of the budget; providing an overview of the District's plans and their impact on its financial position. Also included is a Summary of Cost Classifications that briefly describes the expenditure categories included in the budget.

### Section 4: Anticipated Revenues and Proposed Expenditures

Section 4 includes a spreadsheet that summarizes the overall budget for fiscal year 2016, followed by two worksheets that give more detail about the anticipated revenues and proposed expenditures for the year. The section also includes a five-year projection spreadsheet that depicts both the growth and decline of the District's fund balance and a graph reflecting the actual fund balance for the past five years and that projected for the next five.

### Section 5: Reference Materials

The final section includes reference material that provides guidelines under which the District operates. Included are copies of resolutions defining the budget approval process, a copy of House Bill 1984 that provides the statutory requirements for budget approval and a copy of the legislation under which Denco operates.

The District is pleased to provide your jurisdiction with a copy of the "Draft" Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan for consideration. The plan provides the District the financial resources necessary to meet the fiscal year 2016 requirements and a reserve fund to meet the future long-term challenges while maintaining at least a 20% annual reserve balance to meet emergency needs, should they occur.

If you have any questions, need additional information or would like for me to meet with your staff or governing body, please do not hesitate to call me at (972) 221-0911 or email me at [mark.payne@denco.org](mailto:mark.payne@denco.org). I would welcome the opportunity to meet with you and discuss the enclosed budget and the operations of the Denco Area 9-1-1 District.

Thanks for your continued support of the Denco Area 9-1-1 District.



Mark Payne, Executive Director

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# **Denco Area 9-1-1 District**

**Fiscal Year 2016  
Financial Plan**

## **Section 2**

**District Overview**

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# DENCO AREA 9-1-1 DISTRICT

## District Overview

### Formation of the Denco Area 9-1-1 District

#### Legislation

During its 1985 session, the 69th Texas Legislature passed Article 1432e (Section 772, Texas Health and Safety Code), Emergency Telephone Number Act, which provided for the creation, administration, expansion, funding and dissolution of emergency communication districts in certain counties in Texas. The Emergency Telephone Number Act is the legislation under which the Denco Area 9-1-1 District operates.

#### Purpose

Section 772.302, Texas Health and Safety Code, states the purpose of the Act to be the following:

*“To establish the number 9-1-1 as the primary emergency telephone number for use by certain local governments in this state and to encourage units of local governments and combinations of those units of local government to develop and improve emergency communication procedures and facilities in a manner that will make possible the quick response to any person calling the telephone number 9-1-1 seeking police, fire, medical, rescue and other emergency services.”*

#### Creation of Denco Area 9-1-1 District

On August 8, 1987, Denton County held a special election to confirm the creation of the Emergency Communication District of Denton County and authorize a 9-1-1 emergency service fee, not to exceed 3.0% of the base rate of the principal service supplier per month, to be charged by the District for the purpose of establishing and maintaining E9-1-1 in Denton County. By a margin of

13,086 to 3,024, the voters favored the creation of the emergency communication district. After the special election, the city and county governing bodies within Denton County passed resolutions of participation. The resolutions stated that the city or county would become a participating jurisdiction in the District pursuant to the provisions of the Emergency Telephone Number Act.

The participating jurisdictions of the District are the following:

<i>Argyle</i>	<i>Hackberry</i>	<i>Northlake</i>
<i>Aubrey</i>	<i>Hebron</i>	<i>Oak Point</i>
<i>Bartonville</i>	<i>Hickory Creek</i>	<i>Pilot Point</i>
<i>Carrollton</i>	<i>Highland Village</i>	<i>Ponder</i>
<i>Copper Canyon</i>	<i>Justin</i>	<i>Providence Village</i>
<i>Corinth</i>	<i>Krugerville</i>	<i>Roanoke</i>
<i>Corral City</i>	<i>Krum</i>	<i>Sanger</i>
<i>Cross Roads</i>	<i>Lake Dallas</i>	<i>Shady Shores</i>
<i>Denton</i>	<i>Lakewood Village</i>	<i>The Colony</i>
<i>DISH</i>	<i>Lewisville</i>	<i>Trophy Club</i>
<i>Double Oak</i>	<i>Little Elm</i>	<i>Unincorporated Denton County</i>
<i>Flower Mound</i>		

On December 8, 1987, the District's board of managers ordered the levy and collection of the emergency service fee to commence with the January 1988 billing cycle. The board ordered the service fee, collected by the telephone companies, to be charged at a rate of 3.0% of the current base rate of GTE Southwest (now Verizon). In 1992, the board capped the emergency service fee, for basic levels of wireline telephone service charged to customers in the district, at \$0.27 for residential customers, \$0.71 for business customers and \$1.13 for trunks. **(The same fees remain in effect today.)**

On June 28, 1988, the board of managers named the Emergency Communications District of Denton County, Denco Area 9-1-1 District.

### **Organizational Structure**

The board of managers is the governing body for the Denco Area 9-1-1 District. The county, participating cities and the Denton County Fire Chiefs Association appoint the board. Board members serve staggered two-year terms and are eligible for reappointment. The following members currently sit on the board of managers:

**Board Member**

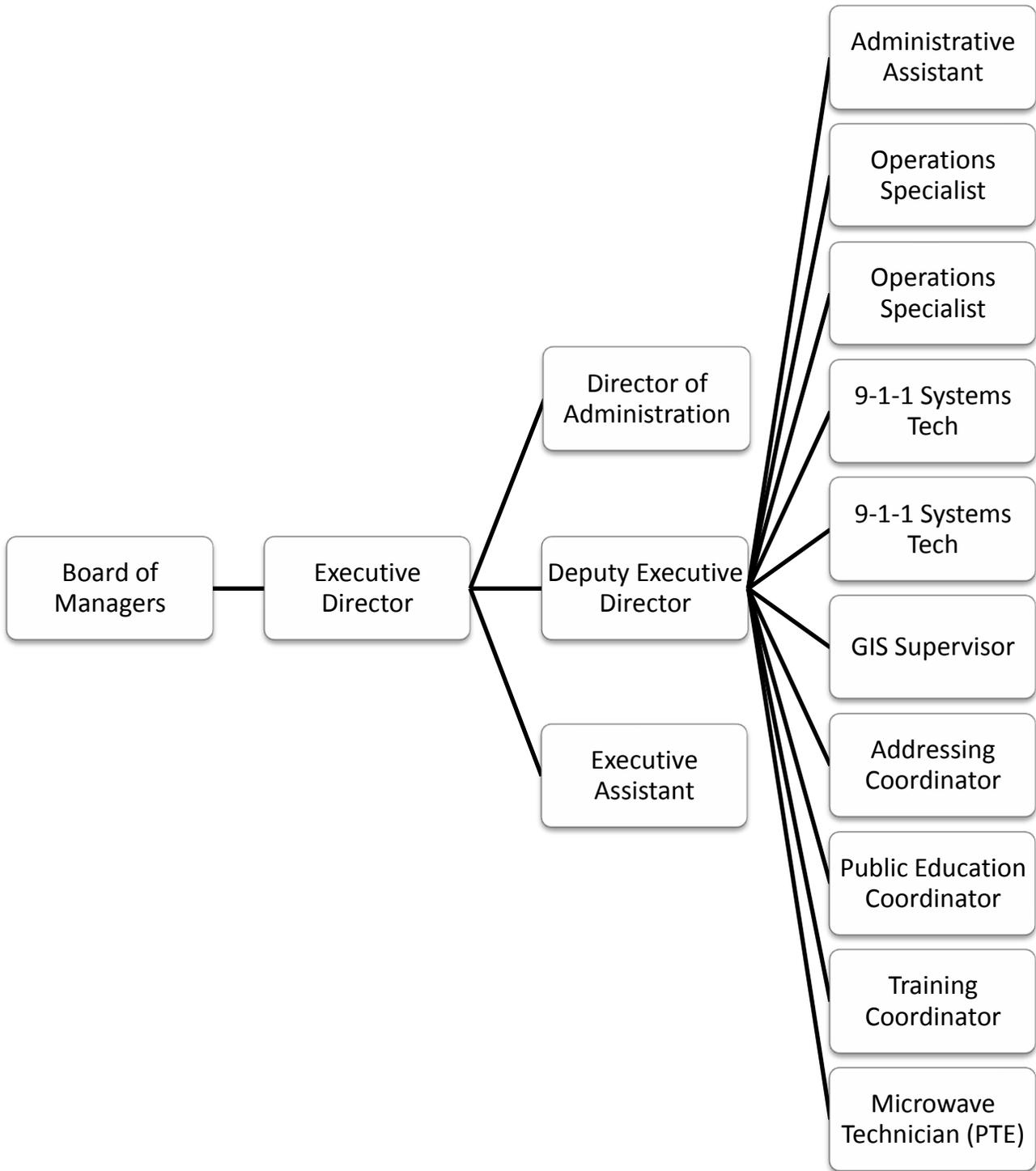
**Represents**

Mr. Jack Miller, Chair	Denton County Commissioners Court
Mr. Bill Lawrence, Vice Chair	Denton County Commissioners Court
Asst. Chief Terry McGrath, Secretary	Denton County Fire Chiefs' Association
Ms. Sue Tejml	Participating Cities
Mr. Jim Carter	Participating Cities
Mr. Rob McGee	Verizon, Advisory

The Emergency Telephone Number Act states, "*...the board shall manage, control and administer the District. The board may adopt rules for the operation of the District.*" The legislation also allows the board to appoint a director of communications for the District who serves as its general manager. The director, with approval from the board, manages the services necessary to carry out the purposes of the Emergency Telephone Number Act.

The Denco Area 9-1-1 District's staff is responsible for performing all the duties that may be required for the District to accomplish its mission within the framework provided by the board. The "Draft" Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan provides for thirteen full-time and one part-time staff members who provide the planning, operations, and maintenance functions for the District. The organizational structure of the District includes Administration and Operational program areas that serve the 9-1-1 PSAPs and emergency service providers within the district. Operational program areas —sometimes referred to as Direct Services— include: 9-1-1 Systems, Public Education, and Training and Education Development.

Included in the organizational chart on the following page, are the titles of staff members in each functional area.



## **Mission, Values and Goals Statement**

### **Mission**

The mission of the Denco Area 9-1-1 District is to provide an efficient, effective enhanced 9-1-1 emergency telecommunications system that assists its member jurisdictions in response to police, fire and medical emergency calls.

### **Values**

The Denco Area 9-1-1 District pledges to uphold the following values:

Value 1: The control of District operations is the responsibility of member jurisdictions and the board of managers.

Value 2: The District will provide the most reliable, efficient, cost-effective and proven technologies within available resources.

### **Goals**

The Denco Area 9-1-1 District has the following goals that support its endeavor to carry out its mission.

Goal 1: To represent the interests of member jurisdictions, emergency service providers and end users by establishing and providing the means for the Denco Area 9-1-1 District to accomplish its mission, values, goals and objectives.

Goal 2: To manage the Denco Area 9-1-1 District in an objective, efficient, effective and responsive manner.

Goal 3: To increase public awareness of 9-1-1 issues and promote the proper use of the 9-1-1 system.

Goal 4: To provide training programs which enable Public Safety Answering Point (PSAP) personnel to effectively process 9-1-1 calls.

Goal 5: To provide and maintain advanced, effective 9-1-1 Systems that are compatible with changing communication technologies.

Goal 6: To assure that 9-1-1 calls, from all sources, are routed properly to PSAPs and that PSAPs have the most accurate, reliable, and useable data at all times.

## **Designated Core Competencies**

The Denco Area 9-1-1 District has identified the following core competencies as a means for measuring its efficiency, effectiveness and overall performance.

### **Integrity/Honesty**

Instills mutual trust and confidence; creates a culture that fosters high standards of ethics; behaves in a fair and ethical manner toward others, and demonstrates a sense of corporate responsibility and commitment to public service.

### **Responsive Customer Service**

Balancing interests of a variety of clients, readily readjusts priorities to respond to pressing and changing client demands. Anticipates and meets the needs of clients; achieves quality end products; is committed to continuous improvement of services.

### **Team Work**

Encourages and facilitates cooperation within the organization and with customer groups; fosters commitment, team spirit, pride, and trust. Develops leadership in others through coaching, mentoring, rewarding, and guiding employees. Actively participates in healthy debate and discussion sharing personal points of view and rational for individual thinking; once decision has been made, openly supports and owns the majority decision as if it were his or her own; doesn't undermine or second guess majority decision after the fact.

### **Flexibility**

Open to change and new information; adapts behavior and work methods in response to new information, changing conditions or unexpected obstacles. Adjusts rapidly to new situations warranting attention and resolution.

### **Decisiveness**

Exercises good judgment by making sound and well informed decisions; perceives the impact and implications of decisions; makes effective and timely decisions, even when data is limited or solutions produce unpleasant consequences; is proactive and achievement oriented.

## **Background Information**

### **What is E9-1-1?**

Enhanced Nine-One-One (E9-1-1) is a single, easy-to-remember number used when reporting emergencies to fire, police and emergency medical service providers. The E9-1-1 system, operational in the Denco Area 9-1-1 District, is designed to automatically route any 9-1-1 call, placed from a telephone instrument (including wireless and Internet) within the District's geographical boundaries, to the proper public safety answering point (PSAP) responsible for dispatching emergency services to the caller. (At the current time, there are limitations to both wireless and Internet location technologies.)

### **Benefits of E9-1-1**

The E9-1-1 system has enhanced the ability of emergency service providers to save the lives and property of citizens in the Denco Area 9-1-1 District. Some of the direct benefits of the emergency communication system provided by Denco are the following:

- Only one three-digit number to remember in an emergency situation.
- The 9-1-1 call is routed to the proper agency responsible for dispatching help to the caller.
- Trained telecommunicators answer 9-1-1 calls. (In the Denco Area 9-1-1 District, telecommunicators are trained to provide emergency medical dispatch, thus reducing response time for medical emergencies.)
- Telecommunicators have the equipment and training necessary to communicate with hearing/speech impaired callers using TTY equipment and will be able to accept text messages to 9-1-1 by the end of fiscal year 2015.
- The caller's name, address and telephone number, as well as the proper fire, police and emergency medical service designated to respond to the caller's address, is automatically provided to the telecommunicator; thus reducing total response time. In the event the caller is unable to speak, the telecommunicator has the ability to dispatch help to the caller's location that is provided by the E9-1-1 system.
- All PSAPs in the Denco Area 9-1-1 District are part of a common network, allowing each to transfer calls, conference multiple PSAPs and/or share information within a closed system.
- ANI/ALI information provides a means to control and reduce prank calls.

- The public education programs associated with E9-1-1 promote citizen awareness and involvement with emergency service providers.
- The E9-1-1 system enhances local government's ability to address the ever growing public expectation of emergency services created by the technology vendors, the media and popular television programming.
- The E9-1-1 system is designed to allow PSAPs the ability to directly transfer a caller to another public safety agency or poison control center.
- The E9-1-1 system will identify calls from wireless and Internet phones, advising the telecommunicator to ask proper questions to determine the location of the emergency. Phase I provides the caller's telephone number so that the telecommunicator has the ability to reconnect if the call is terminated. Phase II provides additional location information to telecommunicators. Location information for Internet phones (VoIP) is typically entered by the subscriber through a website.
- The system has the ability to identify telephone companies serving 9-1-1 callers, thus streamlining the process.

## Glossary of Terms

**9-1-1 (Nine-One-One)**. A designated easy-to-remember, easy-to-call, three-digit emergency telephone number developed to provide citizens with a reliable, fast and convenient way to access fire, police, or medical service in the event of an emergency.

**ANI (Automatic Number Identification)**. ANI is the feature that provides the caller's telephone number on a console at the PSAP.

**ALI (Automatic Location Identification)**. ALI provides the caller's name and address on a computer monitor at the PSAP along with the name of the correct police, fire and emergency medical services designated to respond to the caller's location. Callers should always know their location in the event the ALI information is not available because of limited technology.

**Database**. The 9-1-1 Database is the information accompanying a 9-1-1 call at the PSAP. The information provided is the caller's name, address and telephone number, as well as the emergency service providers designated to respond to the caller's address. The database information is not always available from wireless and VoIP callers.

**E9-1-1 (Enhanced 9-1-1)**. The system that is operational in Denton County providing SR, ANI and ALI (defined below).

**ESInet (Emergency Services IP Network)**. An ESInet is a managed IP network that is used for emergency services communications, and which can be shared by all public safety agencies. It provides the IP transport infrastructure upon which independent application platforms and core functional processes can be deployed, including, but not restricted to, those necessary for providing NG9-1-1 services. ESInets may be constructed from a mix of dedicated and shared facilities. ESInets may be interconnected at local, regional, state, federal, national and international levels to form an IP-based inter-network (network of networks).

**GIS (Geographic Information Systems)**. The technology used to develop and display the mapped data used to locate 9-1-1 callers.

**i3 or i3 PSAP (See also NG9-1-1)**. NENA's Detailed Functional and Interface Standard for NG9-1-1 (i3), which describes a PSAP that is capable of receiving IP-based signaling for delivery of emergency calls and for originating calls and is conformant to NENA specifications for such PSAPs.

**IWS (Integrated Workstation).** The computerized 9-1-1 answering equipment provided by Denco that gives telecommunicators, in addition to the 9-1-1 function, additional tools such as computer-aided dispatch, paging, mapping and radio communications. Denco has 64 integrated workstations at its eleven (11) operational, and one (1) backup, PSAP(s).

**NG9-1-1 (Next Generation 9-1-1).** NG9-1-1 is an Internet Protocol (IP)\_based system comprised of managed Emergency Services IP networks (ESInets), functional elements (applications), and databases that replicate traditional E9-1-1 features and functions and provides additional capabilities. NG9-1-1 is designed to provide access to emergency services from all connected communications sources, and provide multimedia data capabilities for Public Safety Answering Points (PSAPs) and other emergency service organizations.

**Phase I.** Wireless Phase I Enhanced 9-1-1 is the Federal Communication Commission (FCC) mandate to the wireless telephone industry and to 9-1-1 requiring the routing of wireless 9-1-1 calls to appropriate PSAPs and the provision of the callers' ANI to the telecommunicators.

**Phase II.** Phase II provides the approximate geographic location of wireless callers, in addition to the FCC's Phase I enhancements.

**PSAP (Public Safety Answering Point).** The location of the equipment used to answer 9-1-1 emergency calls. The following are the twelve (12) PSAPs that are currently capable of answering 9-1-1 calls in the Denco Area 9-1-1 District:

City of Carrollton Communications	City of Lake Dallas Police Department
City of Denton Police Department	City of Lewisville Police Department
Denton County Sheriff's Office	City of The Colony Police Department
Town of Flower Mound Police Department	University of North Texas Police Department
City of Highland Village Police Department	Texas Woman's University Police Department
City of Roanoke Police Department	Denco Backup and Training PSAP

**Public Safety Telecommunicator.** The individual answering the 9-1-1 calls; trained to communicate with persons seeking emergency assistance and with agencies and individuals providing such assistance.

**SR (Selective Routing).** Selective Routing provides automatic routing of 9-1-1 calls, based on the caller's location, to the appropriate PSAP. The caller is not required to determine which public safety agency to call. Callers using wireless or VoIP telephones should know their location because the routing technology is not as accurate for these services.

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# **Denco Area 9-1-1 District**

**Fiscal Year 2016  
Financial Plan**

## **Section 3**

**Financial Plan Summary**

**Summary of Cost Classifications**

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# DENCO AREA 9-1-1 DISTRICT

## Fiscal Year 2016 Financial Plan Summary

The 2016 Financial Plan for the Denco Area 9-1-1 District provides funding for the continued delivery of high-quality services that the citizens and PSAPs in the Denco district have come to rely upon for the past 25 years. Those trusted services include: the support of all elements of the 9-1-1 system (e.g. database, routing, networks and equipment) throughout the district; addressing and mapping services; public education and training services; and the continuing legislative and regulatory advocacy services that Denco provides in Austin and Washington D.C. In addition to these ongoing services, the District is continually updating its strategic plans to focus on providing the most efficient and effective services available within its financial resources.

Fiscal year 2015 saw Denco move into a new-systems maintenance mode following the completion of the Next Generation 9-1-1 (NG9-1-1) implementation project in October 2014. Fiscal year 2016 will focus on the continuing improvement of all programs and services, as well as several new initiatives.

### **Financial Plan Overview**

Section 4 of the Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan provides the following spreadsheets that summarize the budget: “Summary of Anticipated Revenues and Proposed Expenditures”; “Anticipated Revenues, Proposed Expenditures”; and “Five Year Projections”. Also provided, following the spreadsheets is a graph that depicts the Cash Fund Balance (Assigned and Unassigned). It provides a picture of the actual change in fund balance from fiscal year 2010 through estimated 2015, and projections through 2020.

Anticipating a steady growth in 9-1-1 service fee revenues, Denco will continue to be in a financially sound position that will allow for the implementation of additional infrastructure enhancements and NG9-1-1 services as they become available in the marketplace. The board will continue to monitor this revenue trend closely to insure adequate funds are available to deliver exceptional service and enhance Denco’s 9-1-1 system as needed to accomplish its mission.

Denco has no debt at the current time. It prides itself in being fiscally responsible by planning ahead to meet future technology requirements.

## **Summary of Anticipated Revenues and Proposed Expenditures**

The summary spreadsheet provides information about the financial position of the District at the beginning of fiscal year 2016, its projected revenues and expenditures for the year, and the financial position at the end of the year. The Beginning of Year Estimated Fund Balance represents the total cash and invested funds balance at the end of the current fiscal year. The End of Year Estimated Fund Balance is the amount anticipated at the end of fiscal year 2016, and is anticipated to decrease by \$381,277.

### **Revenues**

Total revenues anticipated for fiscal year 2016 are \$5,012,239, with 95.6% being derived from 9-1-1 service fee revenue. The wireless service fee growth is projected at 3.0%. Estimated interest earned on investments is projected to increase slightly as a 12-month investment in Certificate of Deposits in the CDARS will mature in January 2016. Total revenue anticipated for fiscal year 2016 is projected to be \$291,669 more than the fiscal year 2015 estimated budget.

The following summarizes specific assumptions utilized in forecasting fiscal year 2016 revenues:

#### **Service Fee Revenue Assumptions**

- Incumbent Local Exchange Carriers (i.e. Verizon, AT&T, and CenturyLink) wireline 9-1-1 service fee revenue will continue to decline, but the consumer migration from traditional wireline services Voice over IP and digital voice services will offset these reductions resulting in a modest 1.0 - 1.5 percent increase in wireline revenues.
- Verizon's substantial drop in 9-1-1 service fee revenues in the first four months of fiscal year 2015, followed by smaller decreases in the subsequent four months, will continue at the slower 2.5 to 3.0 percent rate through this fiscal year and into fiscal year 2016.
- Wireless 9-1-1 service fee revenues will continue to grow at a rate of 2.5 - 3.0 percent.

### **Non-Service Fee Revenue Assumptions**

- Expectations of better market interest rates should provide for slightly improved interest returns. Interest revenue is estimated to be nearly \$22,000 in fiscal year 2016.
- Newly classified revenue items include income for registration fees charged to training program participants from agencies outside of the Denco Area 9-1-1 District. Since establishing the training program, Denco has permitted non-district agencies to participate by paying a registration fee to supplement the cost of the training. This approach has permitted the district to receive subsidization of its training program while enhancing the educational opportunity for all participants. In fiscal year 2016, training program revenue is projected at \$26,000.
- In fiscal year 2015, the district and Denton County agreed to share the cost of a part-time microwave technician to maintain the jointly owned countywide public safety microwave system. The joint ownership agreement obligates each agency to equally share in the cost of maintaining the system. For fiscal year 2016, the part-time microwave technician is budgeted at .4 FTE resulting in reimbursement from Denton County in the amount of \$15,000.
- The planned North Texas Emergency Communications Center in fiscal year 2016 will require additional coordination with the municipal emergency communications districts of Addison, Coppell and Farmers Branch. The fiscal year 2016 budget includes \$138,800 revenue from these municipal districts to fully fund their share of GIS services and additional equipment/maintenance.
- Denco and Denton County have a long-standing agreement for Denco staff to coordinate the issuance of addresses in unincorporated Denton County. This agreement will be continued at the previously established rate of \$20,000 per year.

## **Expenditures**

The total expenditures proposed in the fiscal year 2016 financial plan reflect a 28%, or \$1,173,266, increase in spending as compared to the estimated expenditures for fiscal year 2015. Factoring in the additional miscellaneous revenue in 2016 reduces the spending increase to 23%.

## **Personnel**

Total personnel expenditures proposed in 2016 are \$1,489,207, or 27.6% of the total budget, representing an increase in this budget section of \$183,861 when compared with the estimated fiscal year 2015 budget. This 14.1% increase is largely attributable to filling of three staff positions left unfilled for portions of fiscal year 2015.

Health insurance costs through TML MultiState IEBP will increase by 5.0% in 2016. An independent review in 2015 of four large healthcare plans providers, offering ten comparable plans to Denco's current TML MultiState IEBP health plan, confirmed that TML MultiState IEBP is still the most cost effective plan provider for the District.

A 13.1% increase in the salary line item has been included in the 2016 financial plan to include a full year of payroll for the three (3) partially staffed positions and one (1) part-time (.4 FTE) staff position in fiscal 2015. 2.0% of this increase is included for potential merit-based pay adjustments.

Total benefit expenditures proposed in fiscal year 2016 are \$64,461 more than estimated in the current fiscal budget; again attributable to filling vacant positions. The proposed benefits package is 30.6% of the total personnel budget.

The TCDRS proposed budget line item remains at 16.0% of salary. This is an elected contribution rate and 10.9% over the TCDRS 2016 plan year requirement. The higher contribution rate helps to mitigate the impact of future rate increases due to market volatility and retiree payments, and continues to provide better return on investment than elsewhere. Denco's current funded ratio is 104.7%. This investment should allow the District to reduce its contribution in the future if required.

## **Administration**

The total administration expenditures proposed for fiscal year 2016 is \$311,250 or 5.8% of the total budget expenditures. Proposed spending is \$23,688 less than estimated fiscal year 2015 spending.

Relative reductions in spending from 2015 to 2016 include costs associated with Denco's 25<sup>th</sup> service anniversary celebration, the purchase/assembly of cubicle furniture for additional staff, legal expenses, computer software, contract staffing, and a document imaging project.

Minor increases in electrical utilities and building related maintenance expenses increased projected spending in Building Services to \$12,625 in fiscal year 2016.

## **Direct Services**

Direct Services expenditures include 9-1-1 technical and operational elements, Geographic Information Systems and database, the training program, public education, and supporting capital projects. These services account for 64.7% of the fiscal year 2016 budget.

## **Technical Services**

In October 2014, Denco completed the PSAP transition to the Next Generation 9-1-1 infrastructure through the deployment of advanced call answering equipment at each of the twelve 9-1-1 centers and transition to IP selective routing and network services. During fiscal year 2015, technical staff has focused on completing the migration of all telecommunications service providers from the legacy network to the advanced NG9-1-1 ingress point. Staff has continued to make technical and operational refinements to the system configuration and planning for future system enhancements. Care has been taken to methodically decommission equipment and network facilities that supported the legacy 9-1-1 system.

Fiscal year 2016 will focus on the continuing evolution of 9-1-1 services by taking advantage of the advanced infrastructure and system capabilities of Denco's new 9-1-1 system. It is anticipated that staff will complete the full deployment of advanced text-to-911 services before the end of fiscal year 2015. PSAP continuity of operations will be enhanced by leveraging the IP network and roles based Telecommunicator login profiles, while preparing the district for spatial routing capability by significantly improving GIS data. Additionally,

Denco's public education, PSAP support and Telecommunicator training programs will see expansion.

The following bullets highlight direct services expenditures in the proposed 2016 budget:

- An additional 9-1-1 technician position was established during fiscal year 2015 budget process by reclassifying and downgrading a manager position. Although this position is authorized and funded, management has continued to closely monitor the technical workload and so far has retained the position as vacant. This position is recommended for continued authorization in the event the post-NG9-1-1 cutover workload stabilizes at a level which would require additional resources for Denco to maintain its high quality monitoring and response capabilities.
- A part-time microwave technician position has been created to maintain the jointly owned countywide public safety microwave system. The employment of a highly skilled technician on a part-time basis permits focused system maintenance at a significantly reduced cost of outsourcing. The salary of the microwave technician is shared between Denco and Denton County.
- The proposed budget includes hardware and telecommunications costs of transitioning the current trunks for outbound calling at each of the PSAPs from analog out-dial to digital T1 service. The benefits associated with this transition include significantly increased capacity with minimal long-term cost implications. The new out-dial service will enable each PSAP to determine individual phone numbers for display in the caller ID data field.
- Coinciding with the relocation of the City of Carrollton PSAP to the Cyrus One facility, Denco will extend the countywide microwave ring. The cost to reconfigure the microwave network and extend the ring to include the new PSAP location is approximately \$240,000.
- Due to the relocation of the Carrollton PSAP remote from the host site, the proposed budget includes additional IP network costs at approximately \$24,000.
- Two technician vans were replaced in fiscal year 2015 with smaller, more cost effective vehicles. The proposed fiscal year 2016 budget includes \$30,000 for an additional technician van of similar configuration. All Denco

vehicles are acquired and equipped through government cooperative purchasing plans.

### ***GIS Services***

A core requirement for a fully transitioned NG9-1-1 system is highly accurate map data that will support the eventual routing of wireline and wireless 9-1-1 calls. In 2014 and 2015, Denco conducted full assessments of its GIS data and has identified areas of needed enhancement for spatial-based routing readiness. The work plan includes improvements to the GIS file structure, data accuracy, enhanced procedures, procurement of advanced software, and expansion of workload capacity and subject matter expertise. The proposed fiscal year 2016 budget includes the following:

- Expansion of staff workload capacity, through an intern or staff position, to support digitization of address points within each of the jurisdictions in the district. Fiscal year 2016 includes \$50,000 for additional GIS support which could be acquired through an employee, contractor or consultant. The proposed budget also includes an ESRI GIS mapping software license to support a contractor or employee.
- Consulting services to assist with GIS data accuracy improvements to ensure Denco's GIS data meets or exceeds industry standards for NG9-1-1 migration.
- Development of a comprehensive quality assurance/quality control program to result in the establishment of a single, high-quality, "gapless" regional GIS dataset that is available to all local governments in the district to support public safety.
- Purchase of enhanced GIS data management software to perform quality assurance comparisons across multiple datasets. The software will support workflow improvements to sync Denco and other local governments on a common platform for GIS maintenance.

### ***Continuity of PSAP Operations and Training Enhancements***

The transition to NG9-1-1 provides enhanced availability for PSAP call-taking anywhere on the Denco emergency services IP network. This increased availability offers tremendous opportunity to improve continuity of PSAP operations in the event of a natural, intentional or technological disaster resulting

in the disruption of PSAP operations. The proposed fiscal year 2016 budget includes \$185,000 in hardware, software and equipment costs to establish multi-jurisdictional back-up PSAP capabilities at both of Denco's host sites.

By establishing back-up operational capability at the host sites, reliability of disaster response operations is improved by the elimination of remote connectivity to the call answering location. At host Site B, the computer based training room will be reconfigured with an improved layout. This layout not only provides added value to the district in the event of a disaster, but also enhances Denco's training program by offering availability of additional training opportunities in a realistic environment.

### ***Training Services***

Denco continues to offer one of the most active telecommunicator training programs in the State of Texas. Denco provides training for the more than 175 telecommunicators, supervisors, and managers in the district, as well as to public safety personnel from outside the district; when excess capacity exists. The Denco training program provides basic, advanced, management, and EMD training opportunities to public safety personnel.

The fiscal year 2016 proposed budget includes:

- Design and printing of the annual training calendar to promote the District's training program and provide a better planning tool for PSAP managers.
- Consulting services to conduct an independent training need assessment.
- Continued pursuit of training academy accreditation through the Commission on Accreditation for Law Enforcement Agencies, Inc., (CALEA).

### ***PSAP Pre-Employment Support Services***

Since 2001, Denco has provided PSAPs with access to pre-employment testing facilities and programs including CritiCall and Select Advantage. During fiscal year 2016, Denco will support PSAPs in joint recruiting efforts of Telecommunicator candidates with the philosophy that more effective recruiting and hiring has a direct correlation to more effective and efficient call-taking. The

proposed budget includes design and production of a multi-jurisdictional recruiting brochure and associated media exposure.

### ***Public Education Services***

Denco provides marketing and public education messages to select groups, and the public in general, supporting a philosophy that a caller who knows when and how to use 9-1-1 effectively, can make a significant difference in the outcome of an emergency. An educated caller also makes the work of the telecommunicator more efficient and the public safety response more effective. The public's expectation about 9-1-1 must be managed in order for them to be of assistance in their own emergency situation.

The proposed budget includes continuation of Denco's successful public education and promotional activities, with various enhancements, including expanded participation in community events, safety fairs, and school presentations.

- During fiscal year 2015, Denco improved branding for its printed materials. All of the District's public education marketing material (brochures, flyers and pamphlets) are being transitioned to this new branding with updated and relevant technological and operational information.
- The proposed fiscal year 2016 budget includes continued participation in regional media campaigns with other 9-1-1 entities in the D/FW mass media market.
- The proposed budget includes continued participation with the Lewisville Fire Clown program and increased exposure through more active and direct participation in community events, fairs, and festivals.
- Denco will become more active in school presentations during fiscal year 2016 and will continue to provide an end-of year safety message to all elementary school students in the district.

## **Five Year Projections**

The Five Year Projections spreadsheet in “Section 4,” along with the graph that follows, depicts the long term financial position and stability of the Denco Area 9-1-1 District.

Beginning in fiscal years 2010 and 2011, the District drew upon its capital projects fund to expand its training facilities and for the initial phase of its NG9-1-1 system project. In 2012, due to NG9-1-1 project implementation delays, the fund balance grew until the project resumed in fiscal year 2013, at which point project expenses further reduced the fund balance. In 2014, the NG9-1-1 project drew to a close and the fund balance began to rise again, to an estimated balance of \$4,364,085.

Looking ahead to fiscal year 2016, the reserve fund is projected to decrease by \$381,277 to, among other projects, extend the microwave and Emergency Services IP networks to Carrollton’s new PSAP location. 2017 will further reduce the fund balance through the use of the assigned \$2,500,000 from the Capital Projects fund for the construction of a data center to secure and protect Denco’s NG9-1-1 Host systems, emergency communications infrastructure, and other mission critical public safety systems.

# DENCO AREA 9-1-1 DISTRICT

## Summary of Cost Classifications

### **Personnel Expenditures**

Includes staff salary, deferred compensation, healthcare, and retirement benefits. Also included are costs for state unemployment tax and employer's contribution to Medicare. The District participates in the Texas County and District Retirement System (TCDRS) instead of the Social Security System.

### **Administration Expenditures**

Includes the costs associated with the business operations of the Denco Area 9-1-1 District.

***Communications:*** Includes telecommunication, printing/publishing and postage/shipping costs necessary for the District to disseminate information.

***Expendable Supplies:*** Includes the cost of routine expendable office supplies and commercially available software. Supplies also include the costs associated with service awards.

***Contract Services:*** Includes the cost of legal fees, independent audit, insurance, advertising and other contract services such as equipment and software support. Also included are the District's proportional costs as a member of the Texas 9-1-1 Alliance and costs associated with projects requiring outside professional services.

***Building Services:*** Includes the cost of utilities, building services, maintenance and repair expense for the office and training facility owned by the District.

***Memberships/Subscriptions:*** Includes individual and organizational memberships to professional organizations such as National Emergency Number Association (NENA) and Association of Public Safety Communications Officials-International (APCO). Also includes subscriptions to local newspapers, periodicals, information services, technical support publications and the purchase or rental of books, videos and recordings.

***Professional Development:*** Includes board and staff training and ongoing professional development through technical training classes, seminars, conferences and symposiums.

***Travel:*** Includes out of district travel costs such as, but not limited to mileage reimbursement, airfare, food, lodging, local transportation, parking, telephone, etc., when such costs are reasonable and when they are incurred in conjunction with board and authorized staff travel out of the district. Also included is reimbursement for the use of personal vehicles on official business within the district.

***Furniture and Equipment:*** Includes the purchase of the necessary furniture and fixtures as well as office equipment necessary for the ongoing operations of the Denco Area 9-1-1 District.

### **9-1-1 Systems**

Includes the operation, service, and direct maintenance costs required for the District to maintain the 9-1-1 system. Also included are non-recurring and monthly recurring costs for network, selective routing, database services, language interpretation, and other recurring services.

The 9-1-1 Systems budget also includes operations, service and direct maintenance costs required to develop and distribute 9-1-1 GIS and other database information to PSAPs and emergency response agencies. Included are costs for aerial photography files and the service and maintenance of hardware and software required to provide the mapping data.

### **Training and Education Development**

Training expenditures include cost for materials, instructors, registration, etc., associated with meeting the training needs of 9-1-1 call takers. Also included are direct costs required for the District to sponsor telecommunicators from across the district to attend the Texas APCO/NENA Annual Conference and Awards, appreciation events, and recipients of the Dr. Allen Groff Emergency Medical Dispatch (EMD) Scholarship to the national EMD conference. Additional training costs are associated with the provision of telecommunicator selection tools that Denco provides its PSAPs.

Education Development expenditures include operating costs required for the development, purchase and distribution of public information and education materials for special focus groups and the district at large. Expenditures for

special functions such as National Telecommunicator Week recognition and 9-1-1 Day activities are also included.

### **Capital Projects**

The Denco Area 9-1-1 District Board of Managers from time to time will set aside funds for capital projects in order to ensure that they are available when needed. Any expenditure from these assigned or committed funds requires additional board action. The District's 2016 budget includes the assignment of \$2,500,000 to the Capital Project fund for the future construction of a data center.

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# **Denco Area 9-1-1 District**

**Fiscal Year 2016  
Financial Plan**

## **Section 4**

**Anticipated Revenues**

**Proposed Expenditures**

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## DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

### Summary of Anticipated Revenues and Proposed Expenditures Fiscal Year 2016

	Proposed	Percent of Budget
<b>Beginning of Year Estimated Fund Balance</b>	<b>\$ 4,364,085</b>	
<b>Anticipated Revenues</b>		
9-1-1 Service Fee Revenue	\$ 4,790,439	95.6%
Interest Revenue	\$ 22,000	0.4%
Contract Services Revenue	\$ 35,000	0.7%
Miscellaneous Revenue (Expense)	\$ 164,800	3.3%
<b>Total Anticipated Revenues</b>	<b>\$ 5,012,239</b>	<b>100.0%</b>
<b>Proposed Expenditures</b>		
Personnel	\$ 1,489,207	27.6%
Administration	\$ 311,250	5.8%
9-1-1 Systems	\$ 2,879,600	53.4%
Training and Education Development	\$ 481,080	8.9%
Depreciation Expense	\$ 102,378	1.9%
Capital Projects	\$ 130,000	2.4%
<b>Total Proposed Expenditures</b>	<b>\$ 5,393,515</b>	<b>100.0%</b>
<b>Increase (Decrease) in Fund Balance</b>	<b>\$ (381,277)</b>	
<b>End of Year Estimated Fund Balance</b>	<b>\$ 3,982,808</b>	

## DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

Anticipated Revenues Fiscal Year 2016		
	Proposed	Percent of Budget
<b>Wireline Service Fee Revenue</b>		
Verizon	\$ 368,600	7.4%
AT&T	\$ 135,240	2.7%
CenturyLink	\$ 50,490	1.0%
Other Local Exchange Carriers (CLECs)	\$ 640,500	12.8%
Telephone Company Administrative Charges	\$ (11,948)	-0.2%
Telephone Company Uncollectible Charges	\$ (4,057)	-0.1%
Telephone Company Adjustments	\$ (3,686)	-0.1%
Net Wireline Service Fee Revenue	\$ 1,175,139	23.4%
<b>Wireless Service Fee Revenue</b>	<b>\$ 3,615,300</b>	<b>72.1%</b>
<b>Total Service Fee Revenue</b>	<b>\$ 4,790,439</b>	<b>95.6%</b>
<b>Non-Service Fee Revenue</b>		
Interest Revenue	\$ 22,000	0.4%
Contract Service Revenue	\$ 35,000	0.7%
Miscellaneous Revenue (Expenses)	\$ 164,800	3.3%
<b>Total Non-Service Fee Revenue</b>	<b>\$ 221,800</b>	<b>4.4%</b>
<b>Total Revenue</b>	<b>\$ 5,012,239</b>	<b>100.0%</b>

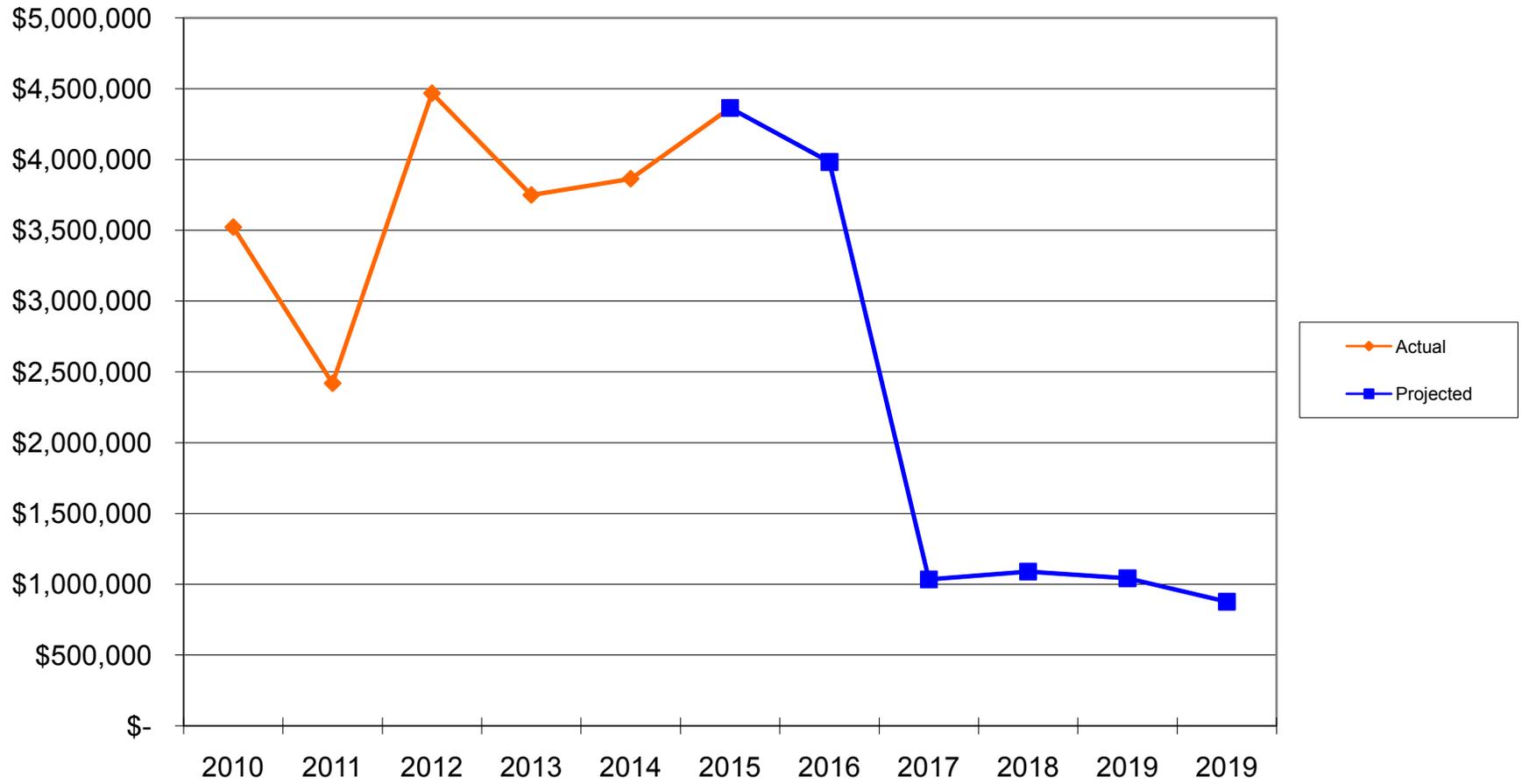
## DENCO AREA 9-1-1 DISTRICT

<b>Proposed Expenditures Fiscal Year 2016</b>		
	<b>Proposed</b>	<b>Percent of Budget</b>
<b>Personnel Expenditures</b>		
Salaries	\$ 1,033,500	19.2%
Benefits	\$ 455,707	8.4%
<b>Total</b>	<b>\$ 1,489,207</b>	<b>27.6%</b>
<b>Administration Expenditures</b>		
Communications	\$ 24,260	0.4%
Expendable Supplies	\$ 17,000	0.3%
Contract Services	\$ 115,115	2.1%
Building Services	\$ 88,130	1.6%
Memberships/Subscriptions	\$ 4,870	0.1%
Professional Development	\$ 23,175	0.4%
Travel	\$ 30,200	0.6%
Furniture and Equipment	\$ 8,500	0.2%
<b>Total</b>	<b>\$ 311,250</b>	<b>5.8%</b>
<b>9-1-1 Systems</b>		
Operations	\$ 393,550	7.3%
Network and Database Services	\$ 1,683,400	31.2%
PSAP and Maintenance Equipment	\$ 802,650	14.9%
<b>Total</b>	<b>\$ 2,879,600</b>	<b>53.4%</b>
<b>Training and Education Development</b>		
Operations	\$ 132,830	2.5%
Public Education Services	\$ 193,000	3.6%
Training Services	\$ 155,250	2.9%
<b>Total</b>	<b>\$ 481,080</b>	<b>8.9%</b>
<b>Capital Projects</b>	<b>\$ 130,000</b>	<b>2.4%</b>
<b>Depreciation Expense</b>	<b>\$ 102,378</b>	<b>1.9%</b>
<b>Total Expenditures</b>	<b>\$ 5,393,515</b>	<b>100%</b>

## DENCO AREA 9-1-1 DISTRICT FINANCIAL PLAN

Five Year Projections						
Fiscal Year 2016						
PROJECTIONS	FY 2015 Estimated	FY 2016 Proposed	FY 2017 Projected	FY 2018 Projected	FY 2019 Projected	FY 2020 Projected
<b>Beginning of Year Fund Balance</b>	\$ 3,863,764	\$ 4,364,085	\$ 3,982,808	\$ 1,033,162	\$ 1,089,119	\$ 1,040,838
<b>Revenue</b>						
Net Service Fee Revenue (2.5% Growth)	\$ 4,669,270	\$ 4,790,439	\$ 4,910,199	\$ 5,032,954	\$ 5,158,778	\$ 5,287,748
Interest Revenue	\$ 12,500	\$ 22,000	\$ 26,000	\$ 12,000	\$ 12,000	\$ 12,000
Contract Services Revenue	\$ 27,700	\$ 35,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000
Miscellaneous Revenue (Expense)	\$ 11,100	\$ 164,800	\$ 42,500	\$ 46,000	\$ 49,500	\$ 53,000
<b>Total Revenue</b>	<b>\$ 4,720,570</b>	<b>\$ 5,012,239</b>	<b>\$ 4,998,699</b>	<b>\$ 5,110,954</b>	<b>\$ 5,240,278</b>	<b>\$ 5,372,748</b>
<b>Expenditures</b>						
Personnel	\$ 1,305,346	\$ 1,489,207	\$ 1,561,992	\$ 1,623,839	\$ 1,688,210	\$ 1,755,210
Administration	\$ 334,938	\$ 311,250	\$ 393,707	\$ 406,928	\$ 424,068	\$ 441,969
9-1-1 Systems	\$ 2,049,690	\$ 2,879,600	\$ 2,860,001	\$ 2,336,494	\$ 2,426,612	\$ 2,520,795
Training and Education Development	\$ 444,960	\$ 481,080	\$ 509,792	\$ 540,311	\$ 572,759	\$ 607,264
Depreciation Expense	\$ 85,315	\$ 102,378	\$ 122,854	\$ 147,425	\$ 176,910	\$ 212,292
Capital Projects	\$ -	\$ 130,000	\$ 2,500,000	\$ -	\$ -	\$ -
<b>Total Expenditures</b>	<b>\$ 4,220,249</b>	<b>\$ 5,393,515</b>	<b>\$ 7,948,345</b>	<b>\$ 5,054,997</b>	<b>\$ 5,288,560</b>	<b>\$ 5,537,530</b>
<b>Increase (Decrease) In Fund Balance</b>	<b>\$ 500,321</b>	<b>\$ (381,277)</b>	<b>\$ (2,949,646)</b>	<b>\$ 55,957</b>	<b>\$ (48,281)</b>	<b>\$ (164,783)</b>
<b>Fund Balance Classification</b>						
Assigned - Capital Projects	\$ -	\$ 2,500,000	\$ -	\$ -	\$ -	\$ -
Unassigned	\$ -	\$ 1,482,808	\$ 1,033,162	\$ 1,089,119	\$ 1,040,838	\$ 876,055
<b>End of Year Total Fund Balance</b>	<b>\$ 4,364,085</b>	<b>\$ 3,982,808</b>	<b>\$ 1,033,162</b>	<b>\$ 1,089,119</b>	<b>\$ 1,040,838</b>	<b>\$ 876,055</b>

### Cash Fund Balance (Assigned and Unassigned)



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# **Denco Area 9-1-1 District**

**Fiscal Year 2016  
Financial Plan**

## **Section 5**

**Budget Resolutions**

**House Bill 1984**

**District Legislation**

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## DENCO AREA 9-1-1 DISTRICT

### RESOLUTION

#### DEFINING PROCEDURES FOR CONSIDERATION AND APPROVAL OF A BUDGET

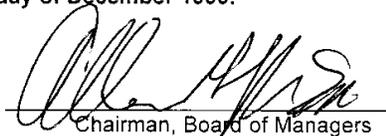
**WHEREAS**, Sections 772.309(b)&(c), Texas Health and Safety Code have been amended by the Texas Legislature to specify certain procedures for the consideration and approval of a budget by the Board and governing bodies of participating jurisdictions.

**NOW, THEREFORE BE IT RESOLVED BY THE DENCO AREA 9-1-1 DISTRICT BOARD OF MANAGERS:**

The Board's procedures for consideration and approval of a budget shall include the following:

1. Not later than the 45<sup>th</sup> day before the Board adopts a budget, the Executive Director on behalf of the Board will submit a draft of the proposed budget to each of the governing bodies of the participating jurisdictions. In a transmittal letter accompanying the draft of the proposed budget, the Executive Director will include a statement requesting that the governing bodies of each of the participating jurisdictions review the draft of the proposed budget and submit any comments to the Board prior to or on the date the budget is scheduled for consideration and adoption by the Board.
2. Once the Board adopts the budget, the Executive Director on behalf of the Board will within three days either 1) send a letter to each of the governing bodies of the participating jurisdictions stating that the Board adopted the proposed budget without any changes or 2) send a copy of the budget adopted by the Board and include in a letter the differences between the proposed and adopted budget. In the letter to the governing bodies of the participating jurisdictions, the Executive Director will include a statement requesting approval of the Board's adopted budget by the governing bodies of participating jurisdictions within sixty days of receipt.

**APPROVED and ADOPTED on this 2<sup>nd</sup> day of December 1999.**

  
Chairman, Board of Managers

  
Secretary, Board of Managers

AN ACT

relating to the consolidation of emergency communication districts and to the approval of proposed budgets of certain emergency communication districts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 771.001(3), Health and Safety Code, is amended to read as follows:

(3) "Emergency communication district" means:

(A) a public agency or group of public agencies acting jointly that provided 9-1-1 service before September 1, 1987, or that had voted or contracted before that date to provide that service; or

(B) a district created under Subchapter B, C, ~~[or]~~ D, or F, Chapter 772.

SECTION 2. Sections 772.309(b), (c), and (d), Health and Safety Code, are amended to read as follows:

(b) the board shall submit a draft of the proposed budget to the governing bodies of the participating jurisdictions not later than the 45th day before the date the board adopts the budget. The participating jurisdictions shall review the proposed budget and submit any comments regarding the budget to the board.

(c) if the governing body of a county, municipality, or other participating jurisdiction does not approve or disapprove the budget before the 61st day after the date the body received the proposed budget for review, the budget is approved by operation of law.

(d) A revision of the budget must be approved in the same manner as the budget.

(e) ~~[(e)]~~ As soon as practicable after the end of each district fiscal year, the director shall prepare and present to the board and to each participating jurisdiction in writing a sworn statement of all money received by the district and how the money was used during the preceding fiscal year. The report must show in detail the operations of the district for the fiscal year covered by the report.

(f) ~~[(f)]~~ The board shall have an independent financial audit of the district performed annually.

**SUBCHAPTER D. EMERGENCY COMMUNICATION DISTRICTS: COUNTIES WITH  
POPULATION OVER 20,000**

**§ 772.301. Short Title**

This subchapter may be cited as the Emergency Telephone Number Act.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

**§ 772.302. Purpose**

It is the purpose of this subchapter to establish the number 9–1–1 as the primary emergency telephone number for use by certain local governments in this state and to encourage units of local government and combinations of those units to develop and improve emergency communication procedures and facilities in a manner that will make possible the quick response to any person calling the telephone number 9–1–1 seeking police, fire, medical, rescue, and other emergency services. To this purpose the legislature finds that:

- (1) it is in the public interest to shorten the time required for a citizen to request and receive emergency aid;
- (2) there exist thousands of different emergency telephone numbers throughout the state, and telephone exchange boundaries and central office service areas do not necessarily correspond to public safety and political boundaries;
- (3) a dominant part of the state's population is located in rapidly expanding metropolitan areas that generally cross the boundary lines of local jurisdictions and often extend into two or more counties; and
- (4) provision of a single, primary three-digit emergency number through which emergency services can be quickly and efficiently obtained would provide a significant contribution to law enforcement and other public safety efforts by making it less difficult to notify public safety personnel quickly.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

**§ 772.303. Definitions**

In this subchapter:

- (1) "Board" means the board of managers of a district.
- (2) "Director" means the director of communication for a district.

(3) "District" means an emergency communication district created under this subchapter.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

#### **§ 772.304. Application of Subchapter**

(a) This subchapter applies only to a county with a population of more than 20,000 or to a group of two or more contiguous counties each with a population of 20,000 or more in which an emergency communication district was created under Chapter 288, Acts of the 69th Legislature, Regular Session, 1985, before January 1, 1988, or to a public agency or group of public agencies that withdraws from participation in a regional plan under Section 771.058(d).

(b) This subchapter does not affect the authority of a public agency to operate under another law authorizing the creation of a district in which 9–1–1 service is provided.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1999, 76th Leg., ch. 1405, § 32, eff. Sept. 1, 1999.

#### **§ 772.305. Additional Territory**

(a) If a municipality that is part of a district annexes territory that is not part of the district, the annexed territory becomes part of the district.

(b) A public agency located in whole or part in a county adjoining the district, by resolution adopted by its governing body and approved by the board of the district, may become part of the district and subject to its benefits and requirements.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

#### **§ 772.306. Board of Managers**

(a) A district is governed by a board of managers.

(b) If the most populous municipality in the district has a population of more than 140,000, the board consists of:

(1) one member for each county in the district appointed by the commissioners court of each county;

(2) two members appointed by the governing body of the most populous municipality in the district;

(3) one member appointed by the governing body of the second most populous municipality in the district;

(4) one member appointed as provided by this section to represent the other municipalities located in whole or part in the district; and

(5) one member appointed by the principal service supplier.

(c) If Subsection (b) does not apply to a district, the board consists of:

(1) the following members representing the county or counties in the district:

(A) if the district contains only one county, two members appointed by the commissioners court of the county;

(B) if the district originally contained only one county but contains more than one county when the appointment is made, two members appointed by the commissioners court of the county in which the district was originally located, and one member appointed by the commissioners court of each other county in the district; or

(C) if the district originally contained more than one county and the district contains more than one county when the appointment is made, one member appointed by the commissioners court of each county in the district;

(2) two members appointed jointly by all the participating municipalities located in whole or part in the district;

(3) one member appointed jointly by the volunteer fire departments operating wholly or partly in the district, with the appointment process coordinated by the county fire marshal or marshals of the county or counties in the district; and

(4) one member appointed by the principal service supplier.

(d) The board member appointed by the principal service supplier is a nonvoting member. If the board is appointed under Subsection (c), the principal service supplier may waive its right to appoint the board member and designate another service supplier serving all or part of the district to make the appointment.

(e) The board member appointed under Subsection (b)(4) is appointed by the mayor's council established to administer urban development block grant funds, if one exists in the district. Otherwise, the member is appointed by the other members of the board on the advice and recommendation of the governing bodies of all the municipalities represented by the member.

(f) The initial board members appointed by municipalities under Subsection (c)(2) are appointed by all the municipalities located in whole or part in the district.

(g) Board members are appointed for staggered terms of two years, with as near as possible to one-half of the members' terms expiring each year.

(h) A board member may be removed from office at will by the entity that appointed the member.

(i) A vacancy on the board shall be filled for the remainder of the term in the manner provided for the original appointment to that position.

(j) Board members serve without compensation. The district shall pay all expenses necessarily incurred by the board in performing its functions under this subchapter.

(k) The board may appoint from among its membership a presiding officer and any other officers it considers necessary.

(l) The director or a board member may be appointed as secretary of the board. The board shall require the secretary to keep suitable records of all proceedings of each board meeting. After each meeting the presiding officer at the meeting shall read and sign the record and the secretary shall attest the record.

(m) Voting members of the board may meet in executive session in accordance with Chapter 551, Government Code.

(n) A majority of the voting members of the board constitutes a quorum.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1995, 74th Leg., ch. 76, § 5.95(82), eff. Sept. 1, 1995; Acts 1995, 74th Leg., ch. 638, § 15, eff. Sept. 1, 1995.

### **§ 772.307. Powers and Duties of Board**

(a) The board shall control and manage the district.

(b) The board may adopt rules for the operation of the district.

(c) The board may contract with any public or private entity to carry out the purposes of this subchapter, including the operation of a 9–1–1 system.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

### **§ 772.308. Director of District**

(a) The board shall appoint a director of communication for the district and shall establish the director's compensation. The director must be qualified by training and experience for the position.

(b) The board may remove the director at any time.

(c) With the board's approval, the director may employ any experts, employees, or consultants that the director considers necessary to carry out the purposes of this subchapter.

(d) The director shall perform all duties that the board requires and shall supervise as general manager the operations of the district subject to any limitations prescribed by the board.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

### **§ 772.309. Budget; Annual Report; Audit**

(a) The director shall prepare under the direction of the board an annual budget for the district. To be effective, the budget must:

(1) be approved by the board;

(2) be presented to and approved by the commissioners court of each county in the district;

(3) be presented to and approved by the governing body of the most populous municipality in the district, if that municipality has a population of more than 140,000; and

(4) be presented to the governing body of each other participating jurisdiction and approved by a majority of those jurisdictions.

(b) The board shall submit a draft of the proposed budget to the governing bodies of the participating jurisdictions not later than the 45th day before the date the board adopts the budget. The participating jurisdictions shall review the proposed budget and submit any comments regarding the budget to the board.

(c) If the governing body of a county, municipality, or other participating jurisdiction does not approve or disapprove the budget before the 61st day after the date the body received the proposed budget for review, the budget is approved by operation of law.

(d) A revision of the budget must be approved in the same manner as the budget.

(e) As soon as practicable after the end of each district fiscal year, the director shall prepare and present to the board and to each participating jurisdiction in writing a sworn statement of all money received by the district and how the money was used during the preceding fiscal year. The report must show in detail the operations of the district for the fiscal year covered by the report.

(f) The board shall have an independent financial audit of the district performed annually.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1999, 76th Leg., ch. 1406, § 2, eff. Aug. 30, 1999.

### **§ 772.310. Establishment of 9–1–1 Service**

(a) A district shall provide 9–1–1 service to each participating jurisdiction through one or a combination of the following methods and features:

- (1) the transfer method;
- (2) the relay method;
- (3) the dispatch method;
- (4) automatic number identification;
- (5) automatic location identification;
- (6) selective routing; or
- (7) any equivalent method.

(b) A district shall provide 9–1–1 service using one or both of the following plans:

- (1) the district may design, implement, and operate a 9–1–1 system for each participating jurisdiction with the consent of the jurisdiction; or
- (2) the district may design, implement, and operate a 9–1–1 system for two or more participating jurisdictions with the consent of each of those jurisdictions if a joint operation would be more economically feasible than separate systems for each jurisdiction.

(c) Under either plan authorized by Subsection (b), the final plans for the particular system must have the approval of each participating jurisdiction covered by the system.

(d) The district shall recommend minimum standards for a 9–1–1 system.

(e) A service supplier involved in providing 9–1–1 service, a manufacturer of equipment used in providing 9–1–1 service, or an officer or employee of a service supplier involved in providing 9–1–1 service is not liable for any claim, damage, or loss arising from the provision of 9–1–1 service unless the act or omission proximately causing the claim, damage, or loss constitutes gross negligence, recklessness, or intentional misconduct.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1995, 74th Leg., ch. 638, § 16, eff. Sept. 1, 1995.

### **§ 772.311. Primary Emergency Telephone Number**

The digits 9–1–1 are the primary emergency telephone number in a district. A public safety agency whose services are available through a 9–1–1 system may maintain a separate number or numbers for emergencies and shall maintain a separate number or numbers for nonemergency telephone calls.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

### **§ 772.312. Transmitting Requests For Emergency Aid**

(a) A 9–1–1 system established under this subchapter must be capable of transmitting requests for fire-fighting, law enforcement, ambulance, and medical services to a public safety agency or agencies that provide the requested service at the place from which the call originates. A 9–1–1 system may also provide for transmitting requests for other emergency services such as poison control, suicide prevention, and civil defense.

(b) A public safety answering point may transmit emergency response requests to private safety entities.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

### **§ 772.313. Powers of District**

(a) The district is a body corporate and politic, exercising public and essential governmental functions and having all the powers necessary or convenient to carry out the purposes and provisions of this subchapter, including the capacity to sue or be sued.

(b) To fund the district, the district may apply for, accept, and receive federal, state, county, or municipal funds and private funds and may spend those funds for the purposes of this subchapter. The board shall determine the method and sources of funding for the district.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

#### **§ 772.314. 9–1–1 Emergency Service Fee**

(a) The board may impose a 9–1–1 emergency service fee on service users in the district.

(b) The fee may be imposed only on the base rate charge or its equivalent, excluding charges for coin-operated telephone equipment. The fee may not be imposed on more than 100 local exchange access lines or their equivalent for a single business entity at a single location, unless the lines are used by residents of the location. The fee may also not be imposed on any line that the Advisory Commission on State Emergency Communications excluded from the definition of a local exchange access line or an equivalent local exchange access line pursuant to Section 771.063. If a business service user provides residential facilities, each line that terminates at a residential unit and that is a communication link equivalent to a residential local exchange access line shall be charged the 9–1–1 emergency service fee. The fee must have uniform application and must be imposed in each participating jurisdiction.

(c) The rate of the fee may not exceed six% of the monthly base rate in a service year charged a service user by the principal service supplier in the participating jurisdiction. For purposes of this subsection, the jurisdiction of the county is the unincorporated area of the county.

(d) The board shall set the amount of the fee each year as part of the annual budget. The board shall notify each service supplier of a change in the amount of the fee not later than the 91st day before the date the change takes effect.

(e) In imposing the fee, the board shall attempt to match the district's revenues to its operating expenditures and to provide reasonable reserves for contingencies and for the purchase and installation of 9–1–1 emergency service equipment. If the revenue generated by the fee exceeds the amount of money needed to fund the district, the board by resolution shall reduce the rate of the fee to an amount adequate to fund the district or suspend the imposition of the fee. If the board suspends the imposition of the fee, the board by resolution may reinstitute the fee if money generated by the district is not adequate to fund the district.

(f) In a public agency whose governing body at a later date votes to receive 9–1–1 service from the district, the fee is imposed beginning on the date specified by the board. The board may charge the incoming agency an additional amount of money to cover the initial cost of providing 9–1–1 service to that agency. The fee authorized to be charged in a district applies to new territory added to the district when the territory becomes part of the district.

(g) For the purposes of this section, the jurisdiction of the county is the unincorporated area of the county.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1993, 73rd Leg., ch. 936, § 14, eff. Aug. 30, 1993; Acts 1999, 76th Leg., ch. 1203, § 5, eff. June 18, 1999.

### **§ 772.315. Collection of Fee**

(a) Each billed service user is liable for the fee imposed under Section 772.314 until the fee is paid to the service supplier. The fee must be added to and stated separately in the service user's bill from the service supplier. The service supplier shall collect the fee at the same time as the service charge to the service user in accordance with the regular billing practice of the service supplier. A business service user that provides residential facilities and owns or leases a publicly or privately owned telephone switch used to provide telephone service to facility residents shall collect the 9–1–1 emergency service fee and transmit the fees monthly to the district.

(b) The amount collected by a service supplier from the fee is due monthly. The service supplier shall remit the amount collected in a calendar month to the district not later than the 60th day after the last day of the calendar month. With each payment the service supplier shall file a return in a form prescribed by the board.

(c) Both a service supplier and a business service user under Subsection (a) shall maintain records of the amount of fees it collects for at least two years after the date of collection. The board may require at the board's expense an annual audit of a service supplier's books and records or the books and records of a business service user described by Subsection (a) with respect to the collection and remittance of the fees.

(d) A business service user that does not collect and remit the 9–1–1 emergency service fee as required is subject to a civil cause of action under Subsection (g). A sworn affidavit by the district specifying the unremitted fees is prima facie evidence that the fees were not remitted and of the amount of the unremitted fees.

(e) A service supplier is entitled to retain an administrative fee from the amount of fees it collects. The amount of the administrative fee is two% of the amount of fees it collects under this section.

(f) A service supplier is not required to take any legal action to enforce the collection of the 9–1–1 emergency service fee. However, the service supplier shall provide the district with an annual certificate of delinquency that includes the amount of all delinquent fees and the name and address of each nonpaying service user. The certificate of delinquency is prima facie evidence that a fee included in the certificate is delinquent. A service user account is considered delinquent if the fee is not paid to the service supplier before the 31st day after the payment due date stated on the user's bill from the service supplier.

(g) The district may institute legal proceedings to collect fees not paid and may establish internal collection procedures and recover the cost of collection from the nonpaying service user. If the district prevails in legal proceedings instituted to collect a fee, the court may award the district court costs, attorney's fees, and interest in addition to other amounts recovered. A delinquent fee accrues interest at an annual rate of 12% beginning on the date the payment becomes due.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1993, 73rd Leg., ch. 936, § 15, eff. Aug. 30, 1993; Acts 1995, 74th Leg., ch. 638, § 17, eff. Sept. 1, 1995.

### **§ 772.316. District Depository**

(a) The board shall select a depository for the district in the manner provided by law for the selection of a county depository.

(b) A depository selected by the board is the district's depository for two years after the date of its selection and until a successor depository is selected and qualified.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

### **§ 772.317. Allowable Expenses**

Allowable operating expenses of a district include all costs attributable to designing a 9–1–1 system and to all equipment and personnel necessary to establish and operate a public safety answering point and other related answering points that the board considers necessary.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

### **§ 772.318. Number and Location Identification**

(a) As part of computerized 9–1–1 service, a service supplier shall furnish current telephone numbers of subscribers and the addresses associated with the numbers on a call-by-call basis.

(b) A business service user that provides residential facilities and owns or leases a publicly or privately owned telephone switch used to provide telephone service to facility residents shall provide to those residential end users the same level of 9–1–1 service that a service supplier is required to provide under Subsection (a) to other residential end users in the district.

(c) Information furnished under this section is confidential and is not available for public inspection.

(d) A service supplier or business service user under Subsection (b) is not liable to a person who uses a 9–1–1 system created under this subchapter for the release to the district of the information specified in Subsections (a) and (b).

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

Amended by Acts 1993, 73rd Leg., ch. 936, § 16, eff. Aug. 30, 1993; Acts 1995, 74th Leg., ch. 638, § 18, eff. Sept. 1, 1995.

### **§ 772.319. Public Review**

(a) Periodically, the board shall solicit public comments and hold a public review hearing on the continuation of the district and the 9–1–1 emergency service fee. The first hearing shall be held three years after the date the order certifying the creation of the district is filed with the county clerks. Subsequent hearings shall be held three years after the date each order required by Subsection (d) is adopted.

(b) The board shall publish notice of the time and place of the hearing once a week for two consecutive weeks in a daily newspaper of general circulation published in the district. The first notice must be published not later than the 16th day before the date set for the hearing.

(c) At the hearing, the board shall also solicit comments on the participation of the district in the applicable regional plan for 9–1–1 service under Chapter 771. After the hearing, the board may choose to participate in the regional plan as provided by that chapter.

(d) After the hearing, the board shall adopt an order on the continuation or dissolution of the district and the 9–1–1 emergency service fee.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

### **§ 772.320. Dissolution Procedures**

(a) If a district is dissolved, 9–1–1 service must be discontinued on the date of the dissolution. The commissioners court of the county in which the district was located or, if the district contains more than one county, the commissioners courts of those counties acting jointly, shall assume the assets of the district and pay the district's debts. If the district's assets are insufficient to retire all existing debts of the district on the date of dissolution, the commissioners court or courts acting jointly shall continue to impose the 9–1–1 service fee, and each service supplier shall continue to collect the fee for the commissioners court or courts. Proceeds from the imposition of the fee after dissolution of the district may be used only to retire the outstanding debts of the district.

(b) The commissioners court or courts shall retire the district's debts to the extent practicable according to the terms of the instruments creating the debts and the terms of the orders and resolutions authorizing creation of the debts.

(c) The commissioners court or courts by order may adopt the rules necessary to administer this section.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

#### **§ 772.321. Issuance of Bonds**

The board may issue and sell bonds in the name of the district to finance:

(1) the acquisition by any method of facilities, equipment, or supplies necessary for the district to begin providing 9–1–1 service to all participating jurisdictions; and

(2) the installation of equipment necessary for the district to begin providing 9–1–1 service to all participating jurisdictions.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

#### **§ 772.322. Repayment of Bonds**

The board may provide for the payment of the principal of and interest on the bonds by pledging all or any part of the district's revenues from the 9–1–1 emergency service fee or from other sources.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

#### **§ 772.323. Additional Security for Bonds**

(a) The bonds may be additionally secured by a deed of trust or mortgage lien on part or all of the physical properties of the district and the rights appurtenant to those properties, vesting in the trustee power to sell the properties for payment of the indebtedness, power to operate the properties, and all other powers necessary for the further security of the bonds.

(b) The trust indenture, regardless of the existence of the deed of trust or mortgage lien on the properties, may include provisions prescribed by the board for the security of the bonds and the preservation of the trust estate and may make provisions for investment of funds of the district.

(c) A purchaser under a sale under the deed of trust or mortgage lien is the absolute owner of the properties and rights purchased and may maintain and operate them.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

#### **§ 772.324. Form of Bonds**

(a) A district may issue its bonds in various series or issues.

(b) Bonds may mature serially or otherwise not more than 25 years after their date of issue and shall bear interest at any rate permitted by state law.

(c) A district's bonds and interest coupons, if any, are investment securities under the terms of Chapter 8, Business & Commerce Code, may be issued registrable as to principal or as to both principal and interest, and may be made redeemable before maturity, at the option of the district, or contain a mandatory redemption provision.

(d) A district may issue its bonds in the form, denominations, and manner and under the terms, and the bonds shall be signed and executed, as provided by the board in the resolution or order authorizing their issuance.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

#### **§ 772.325. Provisions of Bonds**

(a) In the orders or resolutions authorizing the issuance of bonds, including refunding bonds, the board may provide for the flow of funds and the establishment and maintenance of the interest and sinking fund, the reserve fund, and other funds and may make additional covenants with respect to the bonds, the pledge revenues, and the operation and maintenance of any facilities the revenue of which is pledged.

(b) The orders or resolutions of the board authorizing the issuance of bonds may also prohibit the further issuance of bonds or other obligations payable from the pledged revenue or may reserve the right to issue additional bonds to be secured by a pledge of and payable from the revenue on a parity with or subordinate to the lien and pledge in support of the bonds being issued.

(c) The orders or resolutions of the board issuing bonds may contain other provisions and covenants as the board may determine.

(d) The board may adopt and have executed any other proceedings or instruments necessary and convenient in the issuance of bonds.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

#### **§ 772.326. Approval and Registration of Bonds**

(a) Bonds issued by a district must be submitted to the attorney general for examination.

(b) If the attorney general finds that the bonds have been authorized in accordance with law, the attorney general shall approve them. On approval by the attorney general, the comptroller shall register the bonds.

(c) After the approval and registration of bonds, the bonds are incontestable in any court or other forum for any reason and are valid and binding obligations according to their terms for all purposes.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

### **§ 772.327. Refunding Bonds**

(a) A district may issue bonds to refund all or any part of its outstanding bonds, including matured but unpaid interest coupons.

(b) Refunding bonds shall mature serially or otherwise not more than 25 years after their date of issue and shall bear interest at any rate or rates permitted by state law.

(c) Refunding bonds may be payable from the same source as the bonds being refunded or from other sources.

(d) The refunding bonds must be approved by the attorney general as provided by Section 772.326 and shall be registered by the comptroller on the surrender and cancellation of the bonds refunded.

(e) The orders or resolutions authorizing the issuance of the refunding bonds may provide that they be sold and the proceeds deposited in the place or places at which the bonds being refunded are payable, in which case the refunding bonds may be issued before the cancellation of the bonds being refunded. If refunding bonds are issued before cancellation of the other bonds, an amount sufficient to pay the principal of the bonds being refunded and interest on those bonds accruing to their maturity dates or to their option dates if the bonds have been duly called for payment before maturity according to their terms shall be deposited in the place or places at which the bonds being refunded are payable. The comptroller shall register the refunding bonds without the surrender and cancellation of bonds being refunded.

(f) A refunding may be accomplished in one or in several installment deliveries. Refunding bonds and their interest coupons are investment securities under Chapter 8, Business & Commerce Code.

(g) In lieu of the method set forth in Subsections (a)–(f), a district may refund bonds, notes, or other obligations as provided by the general laws of this state.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

**§ 772.328. Bonds as Investments and Security for Deposits**

(a) District bonds are legal and authorized investments for:

(1) a bank;

(2) a savings bank;

(3) a trust company;

(4) a savings and loan association;

(5) an insurance company;

(6) a fiduciary;

(7) a trustee;

(8) a guardian; and

(9) a sinking fund of a municipality, county, school district, and other political subdivision of the state and other public funds of the state and its agencies, including the permanent school fund.

(b) District bonds are eligible to secure deposits of public funds of the state and municipalities, counties, school districts, and other political subdivisions of the state. The bonds are lawful and sufficient security for deposits to the extent of their value when accompanied by all unmatured coupons.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

**§ 772.329. Tax Status of Bonds**

Because a district created under this subchapter is a public entity performing an essential public function, bonds issued by the district, any transaction relating to the bonds, and profits made in the sale of the bonds are exempt from taxation by the state or by any municipality, county, special district, or other political subdivision of the state.

Acts 1989, 71st Leg., ch. 678, § 1, eff. Sept. 1, 1989.

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

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LEWISVILLE, TEXAS, APPROVING THE “DRAFT” FISCAL YEAR 2016 FINANCIAL PLAN OF THE Denco AREA 9-1-1 DISTRICT, PURSUANT TO THE TEXAS HEALTH AND SAFETY CODE, CHAPTER 772, AS AMENDED; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the City Council of the City of Lewisville has been presented the “DRAFT” Denco Area 9-1-1 District Fiscal Year 2016 Financial Plan for consideration, in accordance with Section 772.309 Texas Health and Safety Code, as amended;

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LEWISVILLE, TEXAS, THAT:**

**SECTION 1.** The City of Lewisville hereby approves the financial plan.

**SECTION 2.** That this resolution shall become effective immediately from and after its passage.

**DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF LEWISVILLE, TEXAS, ON THIS THE 20th DAY OF JULY, 2015.**

**APPROVED:**

\_\_\_\_\_  
Rudy Durham, MAYOR

**ATTEST:**

\_\_\_\_\_  
Julie Heinze, CITY SECRETARY

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Lizbeth Plaster, CITY ATTORNEY

## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** Eric Ferris, Assistant City Manager

**DATE:** July 20, 2015

**SUBJECT:** **Consideration of a Variance to Lewisville City Code, Section 2-201, Fee Schedule, Regarding Waiving the Adoption Fee for the Upcoming “Clear the Shelter” Adoption Event to be Held Conjointly With Multiple Participating City Shelters and Other Animal Organizations Throughout Texas and the United States on August 15, 2015.**

### BACKGROUND

Last year the City of Lewisville Animal Adoption Center and 33 other Shelters in the Dallas-Fort Worth Metroplex participate in the Inaugural “Empty the Shelter” Campaign on Saturday, August 15, 2014. Last year, 2,213 animals were adopted on that day. This year, all shelters across the United States are again being asked to participate in the NBC/Telemundo Sponsored Event again. The event, which has been re-named “Clear the Shelter” is scheduled to take place this year on August 15. The shelters choosing to participate must again be in agreement with the following two requirements: 1) to waive the applicable City adoption fee during the event; and 2) participating cities must be agreeable to partnering with the NBC’s promotional team in order to use similar announcements to help publicize the event. The event last year was considered a huge success because of the number of animals adopted. Lewisville Animal Services placed 68 of the 75 adoptable pets in new homes, and had more than 500 citizens visit the shelter on that day. This year, the event and number of adoptions is expected to increase because of heavy publicity and the expansion into other States.

### ANALYSIS

Currently the Animal Shelter charges a \$90 adoption fee for both cats and dog, regardless of the age or size of the animal. Staff anticipates the shelter will have the maximum number of animals allowed of seventy-three kennels and cages available for adoption on the day of the “Clear the Shelter” adoption event. Additional retail-type cages in the front corridor will house approximately another ten (10) small kittens. Therefore, the maximum requested fee waiver for the event would be approximately \$7,470, if all available animals were adopted during the event.

At this time, confirmed participating shelters and/or animal organizations on the day of the event include:

Subject: Variance Request "Clear the Shelter"

July 20, 2015

Page 2 of 2

- City of Irving
- DFW Humane Society
- City of Dallas
- City of Plano
- City of Arlington
- City of Grand Prairie
- City of Garland
- City of North Richland Hills
- City of Mansfield
- City of Carrollton
- City of Seagoville
- Collin County
- City of Fort Worth
- City of Flower Mound
- City of Farmers Branch
- Operation Kindness
- City of Mesquite
- City of Lake Dallas
- City of White Settlement
- City of Sachse
- City of Ardmore
- City of Port Aransas
- City of Denison
- City of Watauga
- City of Royce City
- City of Burleson
- Wise County
- City of Weatherford
- City of Balch Springs
- City of Bedford
- Tri-City Animal Shelter
- HSCCL
- City of Mansfield
- City of Murphy

Confirmation of additional Cities and Counties in this area are being added daily.

### **RECOMMENDATION**

It is City staff's recommendation that the City Council approve the variance as set forth in the caption above.

## Empty the Shelter 2015 - Commitment Form

Welcome to Empty the Shelter 2015!!! To join the event, we require your commitment to the following:

### Prior to the Event:

1. Report your numbers.
  - **Available Animals** - We need to know approximately how many "adoptable" animals you anticipate having in your shelter when the doors open Aug. 15. Do not include stray-hold animals or any animals that will not be available for adoption in this number. This will help us calculate a total number of "adoptable" animals that NBC can promote as looking for homes the day of the event. This will be our goal number to clear the shelters.
  - **Annual Intake** – this will give NBC a total number of animals entering shelters each year in the Metroplex.
  - **Adoption total for August 16, 2014** – we will use this total to compare year-over-year success of the event.
2. Use and follow the marketing plan.
  - Use the event name.
  - Use the marketing materials that are provided. You will be able to add your organization's logo.
  - Use the messaging off the press release we send you. You can customize where you see fit, but the messaging needs to be consistent.
  - We highly recommend and encourage you to leverage social media— (Facebook, Twitter, Instagram). Please use the hashtags we provide. We will also provide some canned messaging for you.
  - Please do not allow any other organization to use the event logo on their website or leverage it in any way for their benefit.
  - The only logos allowed on the collateral are those from NBC and the participating shelter organizations. If your organization has donors or sponsors for the event, use your organization's website, social media, etc. for this purpose as their logos **will not** be on the event collaterals.
3. Waive the adoption fee for **all dogs, cats, puppies and kittens** adopted the day of the event.
4. Designate a person to attend planning meetings and conference calls to prepare and plan for the event.
5. We highly recommend that you recruit and train volunteers. You will need help on event day.

### Day of the Event:

1. Assign a person to log adoption numbers throughout event day and send them to the person designated for data collection at the times requested. This is critical for NBC's news coverage of the event and to keep people informed about the event's progress.
2. Report your adoption total no later than 6 p.m. so NBC can air the total for the event in the evening newscast.

### After the Event:

1. Report Your FINAL adoption number.
2. Report how many "adoptable" animals remained in your shelter at the close of the event.
3. Track adoption returns from event day for 30 days after the event and report the number.

**For NBC and Designated Coordinators:**

Contact Person Name:

Title:

Organization:

Phone Number:

Email:

**For the promotional materials and websites (public):**

Shelter Address:

Shelter Website:

Shelter Facebook page (if applicable):

Main Phone Number:

**By submitting this commitment form, the contact person agrees on behalf of the organization that they will participate as outlined above.**



**LEWISVILLE**

Deep Roots. Broad Wings. Bright Future.

**MEMORANDUM**

**TO:** Mayor Rudy Durham  
Mayor Pro Tem R Neil Ferguson  
Deputy Mayor Pro Tem Greg Tierney  
Councilman Leroy Vaughn  
Councilman TJ Gilmore  
Councilman Brent Daniels

**FROM:** Julie Heinze, City Secretary

**DATE:** July 14, 2015

**SUBJECT:** **Consideration of a Variance to Lewisville City Code, Section 2-201, Fee Schedule, Regarding Waiving the Deposit and Fees for Use of the Community Room at the Municipal Annex for the US Army Reserves for the Memorial Service of Sergeant Colby Bozo on August 16, 2015.**

**BACKGROUND**

City staff was recently contacted by the Army Reserve Family Program Office regarding the use of a City facility to hold a Memorial Service for Sergeant Colby Bozo. Sergeant Bozo was based out of a Reserve Unit that is stationed in Lewisville and had tours in Iraq and Afghanistan. Sergeant Bozo was killed in a vehicle accident on June 25, 2015. His pregnant wife, Kristen, was seriously injured and their baby was born premature due to this accident.

The unit would like to hold a Memorial Service in Lewisville for members of the Reserve Unit as well as his wife and family members. Due to her injuries, she was unable to attend his funeral services.

**ANALYSIS**

Staff is requesting that the City Council consider waiving the deposit of \$300 along with the five hour rental fee of \$250 for the Community Room on August 16, 2015. The Unit does intend to conduct a 21 Gun Salute at the service and are currently working with the Police Department.

**RECOMMENDATION**

It is City staff's recommendation that the City Council consider the variance as set forth in the caption above.



Julie Heinze <jheinze@cityoflewisville.com>

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## Memorial for SGT Colby Bozo

---

**Ingraham, Teisha L CIV (US)**

Thu, Jul 9, 2015 at 2:35 PM

To: "jheinze@cityoflewisville.com"

Cc: "Lauber, Jaclyn S CPT USARMY MIRC (US)"

Good Afternoon Ma'am,

I apologize for not getting this back to you yesterday but it definitely was one of those days. As we spoke about we have the 321st MI BN there in your great city, unfortunately we lost one of our Service Members in Bedford, TX on 06/25/2015. His wife is still in ICU and baby is doing as well as expected. Please see new links below. We will be holding a Military Memorial Service for him on 16 August 2015 and would like to work with you and our community of Lewisville to make this a memorable Memorial for not only the Comrades that SGT. Bozo left behind but also his family. I have cc'd the commander Cpt. Lauber who will be contacting you with the 5 W's within the next couple of days.

Again, it was a great pleasure talking to you and feel very blessed that our unit is in your great city.

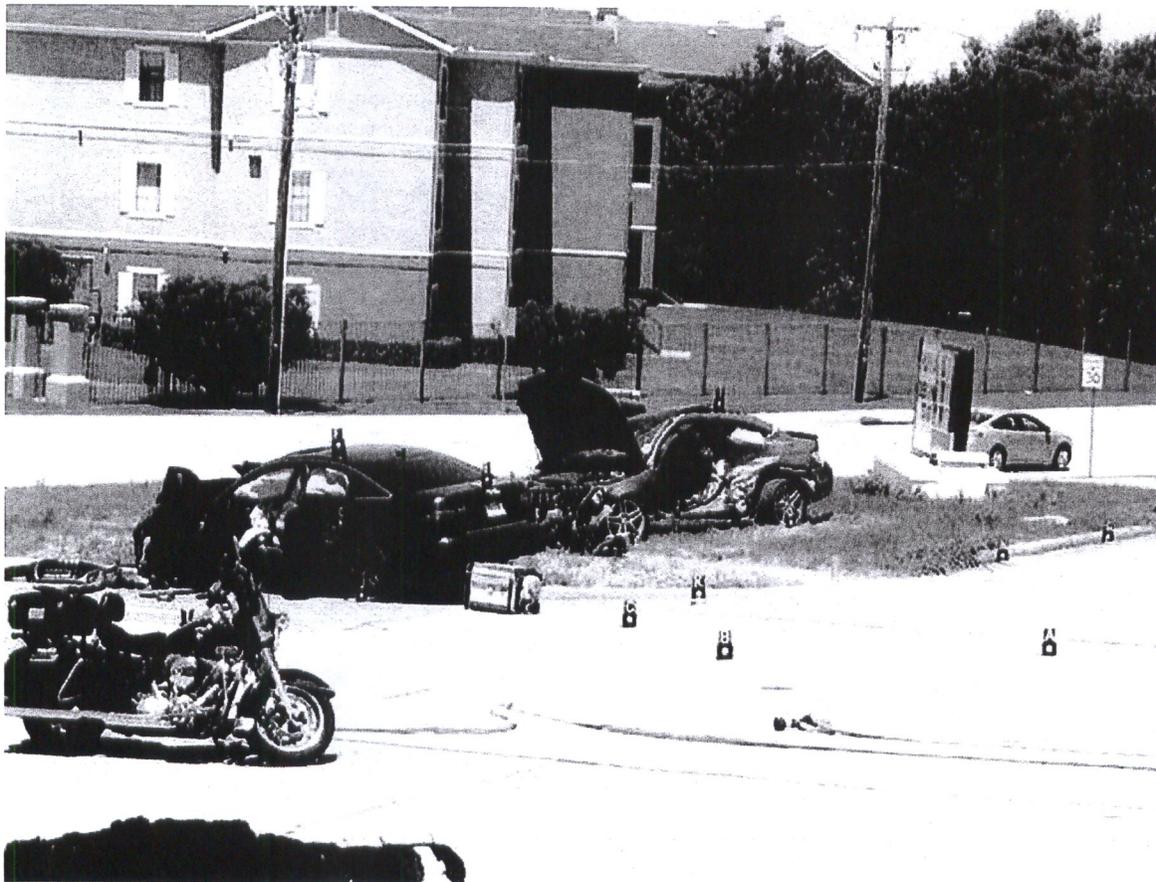
<http://www.star-telegram.com/news/local/community/northeast-tarrant/article25583620.html>  
<http://www.dallascrash.com/colby-bozo-killed-wife-injured-in-broadsided-crash-in-bedford/>

Very Respectfully,

Teisha Ingraham  
Family Readiness Support Assistant (FRSA)  
MIRC HHC, NISG, and TSC  
Phone: 703.806.7247  
Blackberry: 703-403-5411  
E-mail: teisha.l.ingraham.civ@mail.mil  
24/7 Army Reserve Family Programs Office, Fort Family Outreach at  
866-345-8248

## Northeast Tarrant JUNE 26, 2015

# 'Life was stolen' from Bedford father killed in crash



This photo from media partner WFAA shows the vehicles involved in a fatal crash in Bedford Thursday. | **WFAA** - Courtesy

BY DEANNA BOYD  
[dboyd@star-telegram.com](mailto:dboyd@star-telegram.com)

**BEDFORD** — Life was going well for Colby Bozo.

A sergeant in the Army Reserves who served tours in Iraq and Afghanistan, Bozo had seen his health improving after having seizures since returning from his last tour.

Three months ago, Bozo married his love, Kristen, and they were expecting their first child.

"Everything was looking very up for him," said his father, Michael Bozo.

Thursday morning, Colby and Kristen Bozo were leaving a doctor's appointment when police say their Mercedes was struck by a stolen Audi driven by a man trying to elude police.

"They were actually leaving the doctor's office," said Michael Bozo. "They were going home after the sonogram."

Colby Bozo, 25, was pronounced dead at the scene.

His wife, 37 weeks pregnant, was taken by helicopter ambulance to John Peter Smith Hospital in Fort Worth, where doctors delivered her son early.

"We just left our grandchild who was born prematurely," Michael Bozo said in a phone interview Friday morning. "He is in ICU. His name is Brody."

Michael Bozo said his daughter-in-law remained in "very critical condition" Friday.

The suspect, identified by police Friday as 29-year-old Jason Bernard Miller, was treated at a hospital for minor injuries and was being held in the Bedford Jail.

Miller, who has a previous conviction for manslaughter, faces charges of murder, evading arrest or detention with a vehicle, possession of a controlled substance (methamphetamine) and unauthorized use of a vehicle.

Total bail was set at \$1,030,000.

## Miller's criminal history

According to Bedford police, a patrol officer was traveling west in the 2300 block of L. Don Dodson Drive when he spotted a black Audi speeding east.

The officer turned on his emergency lights and sirens and turned around in an attempt to stop the Audi.

"The officer quickly lost sight of the suspect vehicle and continued eastbound," Bedford police said in a news release issued Friday.

At the intersection of Murphy Drive and L. Don Dodson Drive, the officer saw that the Audi had collided with a gray Mercedes.

"The Bedford officer observed the suspect driver exiting the Audi through the sunroof and the officer ordered the suspect to the ground and placed him under arrest without incident," the release states.

Investigators later learned that the Audi had been stolen in Dallas on June 17.

Miller had previously been arrested for murder in December 2005 by Dallas police, court records show.

According to a police report narrative, Miler was accused of firing a shot into a Dallas residence, striking and fatally wounding a 60-year-old man inside the home.

Dallas County court records show Miller pleaded guilty to the lesser charge of manslaughter in June 2007 and was sentenced to eight years behind bars.

Given credit for time served in jail before his conviction, Miller was released in December 2013 after serving his sentence, according to Jason Clark, a spokesman with the Texas Department of Criminal Justice.

## A 'great big smile'

A 2008 graduate of L.D. Bell High School, Colby Bozo had lived his whole life in the area, his father said.

"He was born in HEB hospital," Michael Bozo said. "Unfortunately, he passed away about a half-mile from where he was born."

Michael Bozo said his son always had a "great big smile" on his face.

"If you knew him, you loved him. He was that kind of guy," Michael Bozo said.

Colby Bozo's older brother, Staff Sgt. Gabriel Bozo, described his brother as an amazing man and gentle soul "that would never hurt a fly."

"He was so kind," Gabriel Bozo said. "It's such a tragedy that something like this could have happened to him of all people."

Gabriel Bozo said his little brother had looked up to him and had followed his footsteps in joining the Army.

"He was a little mini-me," Gabriel Bozo said.

He said his brother was rising in the ranks and becoming a superstar in the military.

"I remember two months ago, he was bragging that he was going to catch up to me in rank," he said. "I told him if he ever did, I would take him out to a really good dinner. Now I'll never have that chance."

Gabriel Bozo said his brother worked special operations command, serving as an interrogator and human intelligence collector while in Iraq and Afghanistan.

"He was deployed to Afghanistan and Iraq to help save and secure us and secure the Iraqi and Afghan people from criminals," Gabriel Bozo said. "Then he comes home and gets killed by a criminal where he's supposed to be safe."

That his brother's death comes just three months after getting married and before he was able to meet his new son only adds to the tragedy.

"They say the accident was so quick, it was painless," Gabriel Bozo said. "To me, that's a little bit worse because he didn't get to say his goodbyes. He didn't have the opportunity to look into his wife's eyes and just tell her that he loved her. He wasn't afforded that opportunity. His life was stolen from him."

*Deanna Boyd, 817-390-7655*

*Twitter: @deannaboyd*

A donation account has been set up to help support Sgt. Colby Bozo's wife, Kristen, and their newborn son, Brody. Contributions can be made by going online to [www.gofundme.com/soldiersfuneral](http://www.gofundme.com/soldiersfuneral).



## MORE NORTHEAST TARRANT

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## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** Brenda Martin, Director of Finance

**DATE:** July 7, 2015

**SUBJECT:** **Consideration of an Ordinance of the City Council of the City of Lewisville, Texas, Authorizing the Issuance and Sale of City of Lewisville, Texas, General Obligation Refunding Bonds, Series 2015; Levying a Tax in Payment Thereof; Authorizing the Execution and Delivery of a Bond Purchase Agreement, A Paying Agent/Registrar Agreement and an Escrow Agreement; Calling Certain Bonds for Redemption; Approving the Official Statement; and Enacting Other Provisions Relating Thereto.**

### BACKGROUND

Attached for consideration is an Ordinance and other draft documents related to the issuance of City of Lewisville, Texas, General Obligation Refunding Bonds, Series 2015. The estimated amount of \$23,015,000 refunds the remaining General Obligation Refunding and Improvement Bonds, Series 2005, General Obligation Bonds, Series 2006, and a portion of the General Obligation Refunding and Improvement Bonds, Series 2007, Combination Tax and Revenue Certificates of Obligations, Series 2007A, and Combination Tax and Revenue Certificates of Obligation, Series 2007B and costs associated with the issuance of the bonds in order to lower the overall debt service requirements of the City.

Estimated premium generated on the sale of the Bonds is anticipated to lower the par amount of the bonds. Premium on the refunding bonds is generated when an investor pays more than 100 cents on the dollar for the bonds they are buying. For example, if an investor pays 105 cents on the dollar for a bond, 5 cents is considered premium. This premium may be used to: 1) cover costs of issuance; and 2) provide proceeds to pay off the bonds being refunded. Interest savings over the life of the issue will result in an estimated gross savings of \$2,077,905 which equates to an estimated \$1,378,226 of present value savings. All numbers are preliminary and subject to change depending on actual market interest rates obtained on the day of pricing. In addition, the structure of the refunding may be altered based on market conditions at the time of pricing.

### ANALYSIS

First Southwest Company, the City's financial advisory firm, has recommended to City staff that the issuance of these bonds be accomplished through a negotiated sale as opposed to a sale through a competitive bid. First Southwest's opinion is that such a sale will produce a market rate and will provide better flexibility in order to meet the City's debt and tax rate objectives. The actual terms of the sale will be provided at the July 20, 2015 City Council meeting.

### RECOMMENDATION

It is City staff's recommendation that the City Council approve the ordinance as set forth in the caption above.

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

AUTHORIZING THE  
ISSUANCE OF

CITY OF LEWISVILLE, TEXAS  
GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2015

Dated: July 15, 2015

Adopted: July 20, 2015

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Schedule I – Refunded Obligations

Exhibit A - Description of Annual Disclosure of Financial Information

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LEWISVILLE, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF LEWISVILLE, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015; LEVYING A TAX IN PAYMENT THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; CALLING CERTAIN BONDS FOR REDEMPTION; APPROVING THE OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO

WHEREAS, the City of Lewisville, Texas (the "City") has previously issued its tax-supported obligations payable from an ad valorem tax on all taxable property within the City; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorizes the City to issue refunding bonds to refund all or any part of the City's outstanding tax-supported obligations and to enter into an escrow agreement with a place of payment for the refunded obligations with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the City and such paying agent may agree, provided that such deposits may be invested and reinvested only in obligations specified in subsections 1207.062(b)(1) and (2), and which mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or prepayment of the refunded obligations; and

WHEREAS, The Bank of New York Mellon Trust Company, N.A., is a place of payment for the refunded obligations and is qualified to serve as escrow agent with respect to the bonds herein authorized; and

WHEREAS, the City Council has found and determined that the bonds herein authorized are required to be issued for the purpose of refunding certain outstanding tax-supported obligations of the City for the purpose of achieving a gross debt service savings of approximately \$\_\_\_\_\_, representing a present value savings of approximately \$\_\_\_\_\_ or \_\_\_\_%, and the refunding contemplated in this Ordinance will benefit the City by providing such present value savings and that such benefit is sufficient consideration for the refunding of the refunded obligations; and

WHEREAS, the City Council hereby finds and determines that the issuance and delivery of the bonds herein authorized is in the public interest and the use of the proceeds in the manner specified constitutes a valid public purpose; and

WHEREAS, the meeting at which this Ordinance is 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, as amended; therefore

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

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. 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” means any of the Bonds.

“Bond Date” means the date designated as the date of the Bonds by Section 3.02(a) of this Ordinance.

“Bond Purchase Agreement” means the Bond Purchase Agreement between the Underwriters and the City dated as of the date hereof.

“Bonds” means the City’s bonds authorized to be issued by Section 3.01 of this Ordinance and designated as “City of Lewisville, Texas, General Obligation Refunding Bonds, Series 2015.”

“Business Day” means any 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 is located are generally authorized or obligated by law or executive order to close.

“Chapter 1207” means Chapter 1207, Texas Government Code, as amended.

“City” means the City of Lewisville, Texas.

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

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Dallas, 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.

“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 The Bank of New York Mellon Trust Company, N.A., Dallas, Texas.

“Escrow Agreement” means the escrow agreement between the City and the Escrow Agent pertaining to the Refunded Obligations.

“Escrow Fund” means the fund established pursuant to the Escrow Agreement.

“Event of Default” means any event of default as defined in Section 10.01 of this Ordinance.

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

“Initial Bond” means the Initial Bond authorized by Section 3.04 of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.02 of this Ordinance.

“Interest Payment Date” means the date or dates on which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15, commencing February 15, 2016.

“MSRB” means the Municipal Securities Rulemaking Board, or its successor.

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

“Paying Agent/Registrar” means initially The Bank of New York Mellon Trust Company, N.A., or any successor thereto as provided in this Ordinance.

“Record Date” means the last Business Day of the month next preceding an Interest Payment Date.

“Refunded Obligations” means the outstanding tax-supported obligations being refunded from the proceeds of the Bonds.

“Register” means the bond register specified in Section 3.06(a) of this Ordinance.

“Representative” means the entity representing the Underwriters designated in the Bond Purchase Agreement.

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

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

“Special Payment Date” means the Special Payment Date prescribed by Section 3.03(b) of this Ordinance.

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b) of this Ordinance.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of, redemption premium, if any, or interest on the Bonds as the same come due and payable or money set aside for the payment of Bonds duly called for redemption prior to maturity.

“Underwriters” means the persons named in the Bond Purchase Agreement pertaining to the Bonds.

Section 1.02. 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 1.03. 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 1.04. 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

SECURITY FOR THE BONDS; INTEREST AND SINKING FUND

Section 2.01. Tax Levy.

(a) Pursuant to the authority granted by the Texas Constitution and the laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year thereafter while any of the Bonds 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 Bonds, being (i) the interest on the Bonds, and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% per annum (whichever amount is greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the City most recently approved in accordance with law and the money thus collected shall be deposited as collected to the 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 Bonds when and as due and payable in accordance with their terms and this Ordinance.

Section 2.02. Interest and Sinking Fund.

(a) The City hereby establishes a special fund or account, to be designated the “City of Lewisville, Texas, General Obligation Refunding Bonds, Series 2015, Interest and Sinking Fund,” 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 Bonds when and as due and payable in accordance with their terms and this Ordinance.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS  
REGARDING THE BONDS

Section 3.01. Authorization.

The City’s bonds to be designated “City of Lewisville, Texas, General Obligation Refunding Bonds, Series 2015,” are hereby authorized to be issued and delivered in accordance with the general laws of the State of Texas, including particularly, Chapter 1207, and Section 9.26 of the Charter of the City. The Bonds shall be issued in the aggregate principal amount of \$\_\_\_\_\_, for the purposes of (i) refunding the Refunded Obligations; and (ii) paying the costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities and Interest.

(a) The Bonds shall be dated July 15, 2015. The Bonds shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered separately from one upward or such other designation acceptable to the City and the Paying Agent/Registrar, except the Initial Bond, which shall be numbered T-1.

(b) The Bonds shall mature on February 15 in the years and in the principal amounts and shall bear interest at the per annum rates set forth in the following schedule:

<u>Serial Bonds</u>					
<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016			2025		
2017			2026		
2018			2027		
2019			2028		
2020			2029		
2021			2030		
2022			2031		
2023			2032		
2024					

Term Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
-------------	-------------------------	----------------------

(c) Interest shall accrue and be paid on each Bond respectively until its maturity or prior redemption, from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually on each Interest Payment Date until maturity or prior redemption. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of 12 months of thirty (30) days each.

Section 3.03. Medium, Method and Place of Payment.

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

(b) Interest on the Bonds shall be payable to the Owners as shown 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 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 Bond appearing in the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest on each Bond shall be paid by check, dated as of the Interest Payment Date, and mailed on or before such Interest Payment Date, by first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as it appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the Owner; provided, however, that such Owner shall bear all risk and expense of such other customary banking arrangements.

(d) The principal of each Bond shall be paid to the Owner thereof on the due date (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(e) If the date for the payment of the principal of or interest on the Bonds is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

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

#### Section 3.04. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor 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 Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before

the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

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

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the Purchaser, or its designee, executed by the manual or facsimile signatures of the Mayor and City Secretary of the City, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the Underwriters one registered definitive Bond for each year of maturity of the Bonds in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

#### Section 3.05. Ownership.

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

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

#### Section 3.06. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to keep at the 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 Bonds in accordance with this Ordinance.

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

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond 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 Bond or Bonds in lieu of which such exchange Bond is delivered.

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

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

#### Section 3.07. Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance, shall be cancelled and proper records shall be made regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the record retention policies of the Paying Agent/Registrar.

#### Section 3.08. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Ordinance.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and shall authenticate and deliver in exchange therefor Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond 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 Bond 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 Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

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

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

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

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

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

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

(e) Each replacement Bond 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 Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.10. Book-Entry Only System.

The definitive Bonds shall be initially issued in the form of a separate typewritten fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of such Bonds shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. 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 Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Bondholder, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than a Bondholder, as shown in the Register of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds, for the purpose of all matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the respective owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry Only System.

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

Section 3.12. Payments to Cede & Co.

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

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption.

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

Section 4.02. Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on and after February 15, 2026, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof before their respective scheduled maturity dates, on February 15, 2025, or on any date thereafter, such redemption date or dates to be fixed by the City, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption.

(b) If less than all of the Bonds are to be redeemed pursuant to an optional redemption, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

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

Section 4.03. Mandatory Sinking Fund Redemption.

(a) The Bonds stated to mature on February 15 each of the years \_\_\_\_\_ and \_\_\_\_\_ (the "Term Bonds") are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on February 15 in the years and in the respective principal amounts as set forth in the following schedule:

Term Bonds Maturing February 15, 20

Redemption Date <u>(February 15)</u>	Principal <u>Amount</u>
-----------------------------------------	----------------------------

\*

\_\_\_\_\_  
\* Stated maturity.

Term Bonds Maturing February 15, 20

Redemption Date <u>(February 15)</u>	Principal <u>Amount</u>
-----------------------------------------	----------------------------

\*

\_\_\_\_\_  
\* Stated maturity.

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been

redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04. Partial Redemption.

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

(b) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge, notwithstanding any provision of Section 3.06 to the contrary.

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

Section 4.05. Notice of Redemption to Owners.

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

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

(c) The City reserves the right to give notice of its election or direction to redeem Bonds under Section 4.02 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 anytime 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 where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default.

(d) Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and

subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the certificates called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

Section 4.06. 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 Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise 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 Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office 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 Bond to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.05 of this Ordinance and subject, in the case of an optional redemption under Section 4.02, to any conditions or rights reserved by the City under Section 4.04(c), the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City defaults in its obligation to make provision for the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

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

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

The Bank of New York Mellon Trust Company, N.A., is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

Section 5.02. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas, 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 Bonds.

Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any Bonds are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance. The Mayor is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar in substantially the form presented at this meeting, the form, terms and provisions of which are hereby approved. The signature of the Mayor shall be attested by the City Secretary.

(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 Bonds.

Section 5.04. Termination.

The City, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination, provided, that such termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 5.05. 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 first class United States mail, 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 5.06. Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar and executing the Paying Agent/Registrar Agreement, 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 thereby.

Section 5.07. 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 Bonds to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally.

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

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

(c) The definitive Bonds shall be typewritten, 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 Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02. Form of the Bonds.

The form of the Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, to accompany the Initial Bond, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bonds.

REGISTERED

REGISTERED

No. \_\_\_\_\_

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

United States of America  
State of Texas

CITY OF LEWISVILLE, TEXAS  
GENERAL OBLIGATION REFUNDING BOND  
SERIES 2015

INTEREST RATE:	MATURITY DATE:	CLOSING DATE:	CUSIP NUMBER:
_____ %	February 15, _____	August 19, 2015	_____

The City of Lewisville, Texas (the "City"), in the Counties of Denton and Dallas, State of Texas, for value received, hereby promises to pay to

\_\_\_\_\_

or registered assigns, on the Maturity Date specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Closing Date 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 February 15, 2016.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the designated office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A., as Paying Agent/Registrar (the "Designated Payment/Transfer Office"), or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, and will be mailed on or before such interest payment date, by first class United States mail, postage prepaid,

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 arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last Business Day (as hereinafter defined) of the month next preceding such interest payment 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 date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days (as hereinafter defined) prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond 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 Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$\_\_\_\_\_ (herein referred to as the "Bonds"), dated as of July 15, 2015, pursuant to Chapter 1207, Texas Government Code, as amended, and a certain ordinance of the City (the "Ordinance") for the purpose of refunding certain outstanding tax supported obligations described in the Ordinance and to pay the costs of issuing the Bonds.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond 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 Bonds 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 Bond 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 Bond is registered on the "Record Date" or "Special Record Date," as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City, nor the Paying Agent/Registrar nor any other person shall be affected by notice to the contrary.

The City has reserved the option to redeem the Bonds maturing on or after February 15, 2026, in whole or in part, before their respective scheduled maturity dates, on February 15, 2025, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

The Bonds stated to mature on February 15 in each of the years \_\_\_\_\_ and \_\_\_\_\_ (the "Term Bonds") are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on February 15 in the years and in the respective principal amounts as set forth in the Ordinance.

At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed and shall call such Term Bonds for redemption on such scheduled mandatory redemption date.

The principal amount of the Term Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to an optional redemption and not previously credited to a mandatory sinking fund redemption.

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

In the Ordinance, the City reserves the right, in the case of an optional 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, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the certificates called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law and has been authorized by a vote of the properly qualified electors of the City; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that ad valorem taxes upon all taxable property in the City have been levied for and pledged to the payment of the debt service requirements of the Bonds, within the limit prescribed by law.

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

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City Secretary,  
City of Lewisville, Texas

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Mayor,  
City of Lewisville, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

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

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of Lewisville, Texas, and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, \_\_\_\_\_.

---

Comptroller of Public Accounts  
of the State of Texas

[SEAL]

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

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

CERTIFICATE OF PAYING AGENT/REGISTRAR

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

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

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

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

(d) Form of Assignment.

ASSIGNMENT

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

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

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

Date: \_\_\_\_\_

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

Signature Guaranteed:

\_\_\_\_\_  
Authorized Signatory

(e) The Initial Bond 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 Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and the words "CUSIP NUMBER" deleted; and

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above, the sum of \_\_\_\_\_ DOLLARS" shall be deleted and the following will be inserted: "on February 15 in each of the years, in the principal installments and bearing interest at the per annum rates in accordance with the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u> "
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(Information to be inserted from  
schedule in Section 3.02 of this Ordinance)

Section 6.03. CUSIP Registration.

The City may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04. Legal Opinion.

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

ARTICLE VII

SALE AND DELIVERY OF BONDS, DEPOSIT OF PROCEEDS

Section 7.01. Sale of Bonds, Official Statement.

(a) The Bonds are hereby sold and awarded and shall be delivered to the Underwriters pursuant to the terms and provisions of the Bond Purchase Agreement, the form, terms and provisions of which are hereby approved. It is hereby found, determined and declared that the terms of the sale of the Bonds is the most advantageous reasonably available. The Mayor is hereby authorized to execute and deliver the Bond Purchase Agreement to the Underwriters. The Bonds shall be initially registered in the name of the Representative or its designee.

(b) The form and substance of the Preliminary Official Statement, and any addenda, supplement or amendment thereto, and the final Official Statement (the "Official Statement") presented to and considered at this meeting, are hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Mayor and City Secretary of the City are hereby authorized and directed to execute the same and deliver appropriate numbers of copies thereof to the Underwriters. The Official Statement as thus approved and delivered, with such appropriate variations as shall be approved by the Mayor of the City and the Underwriters, may be used by the Underwriters in the public offering and sale thereof. The use and distribution of the Preliminary Official Statement in the public offering of the Bonds by the Underwriters is hereby ratified, approved and confirmed. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Official Statement and the preliminary public offering of the Bonds by the Underwriters is hereby ratified, approved and confirmed.

(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 Bonds, as they may deem appropriate in order to consummate the delivery of the Bonds.

(d) The obligation of the Underwriters to accept delivery of the Bonds is subject to the Underwriters being furnished with the final, approving opinion of Bracewell & Giuliani LLP, Bond Counsel for the City, which opinion shall be dated and delivered on the Closing Date.

Section 7.02. Control and Delivery of Bonds.

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

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

(c) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Ordinance have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

Section 7.03. Deposit of Proceeds.

(a) A portion of the proceeds of the Bonds equal to \$\_\_\_\_\_, which amount includes \$\_\_\_\_\_ of premium received in connection with the issuance of the Bonds, shall be deposited in the Escrow Fund and shall be applied as provided in the Escrow Agreement.

(b) The remaining balance of Bond proceeds shall be used to pay the costs of issuing the Bonds, including underwriters discount. Amounts remaining after payment of costs of issuance shall be deposited to the Interest and Sinking Fund and applied to the payment of debt service on the Bonds.

ARTICLE VIII

INVESTMENTS

Section 8.01. Investments.

(a) Money in the Interest and Sinking Fund created by this Ordinance, at the option of the City, may be invested in such securities or obligations as permitted under applicable law as in effect on the date of the investment.

(b) Any securities or obligations in which money in the Interest and Sinking Fund is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund.

Section 8.02. Investment Income.

(a) Interest and income derived from investment of the Interest and Sinking Fund or the special construction account referenced in Section 7.03(c) shall be credited to each respective account or Fund from which such investment was made.

(b) Interest and income derived from the investment of funds deposited to the Escrow Fund shall be applied as provided in the Escrow Agreement.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Bonds.

On or before each Interest Payment Date for the Bonds and while any of the Bonds are 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 the Bonds as will accrue or mature on the applicable Interest Payment Date, maturity date or date of prior redemption. Such transfer of funds shall be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar not later than the close of business on the Business Day next preceding the date of payment for the Bonds.

Section 9.02. Other Representations and Covenants.

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

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

Section 9.03. Provisions Concerning Federal Income Tax Exclusion.

(a) General. The City intends that the interest on the Bonds will be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Treasury Regulations (the "Regulations"). The City covenants and agrees not to take any action, or omit

to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Bonds to be includable in the gross income, as defined in section 61 of the Code, for federal income tax purposes 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 Bonds. In particular, the City covenants and agrees to comply with each requirement of this Section 9.03; provided, however, that the City will not be required to comply with any particular requirement of this Section 9.03 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 Bonds or (ii) compliance with some other requirement set forth in this Section 9.03 will satisfy the applicable requirements of the Code and the Regulations, 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 9.03.

(b) No Private Use or Payment and No Private Loan Financing. The City covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond 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 promulgated thereunder. Moreover, 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 Bonds are delivered, the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “private activity bonds” within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(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 Bonds 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 applicable Regulations thereunder.

(d) 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 Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.

(e) The City covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the City will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) If the City 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, 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 Bonds (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 Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds 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 bonds of the City, (ii) determine at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Bonds which 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 Bonds or on such other dates as may be permitted under applicable 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 Bonds 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.

(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 Bonds are issued, an information statement concerning the Bonds, 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 Refunded Bonds and the Bonds until three (3) years after the last Bond is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of 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 Bonds by the Internal Revenue Service.

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

(j) Notwithstanding any other provision of this Ordinance, the City’s obligations under the covenants and provisions of this Sections 9.04 will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default.

Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, which default materially and adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any Owner to the City.

Section 10.02. Remedies for Default.

(a) Upon the happening of any Event of Default, then any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

Section 10.03. Remedies Not Exclusive.

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

ARTICLE XI

DISCHARGE

Section 11.01. Discharge.

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

ARTICLE XII

CONTINUING DISCLOSURE UNDERTAKING

Section 12.01. Annual Reports.

(a) The City shall provide annually to the MSRB within six (6) 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 final Official Statement, being the information described in Exhibit A hereto. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A hereto, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for the applicable Fiscal Year to the MSRB. Thereafter, when and if audited financial statements become available, the City shall provide such audited financial statements as required to the MSRB.

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

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

Section 12.02. Event Notices.

(a) The City shall notify the MSRB in a timely manner not in excess of ten (10) Business Days after the occurrence of the event, of any of the following events with respect to the Bonds:

- (i) nonpayment related defaults, if material;
- (ii) unscheduled draws on debt service reserves reflecting financial difficulties;

- (iii) unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) substitution of credit or liquidity providers, or their failure to perform;
- (v) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vi) modifications to rights of Owners, if material;
- (vii) bond calls, if material and tender offers;
- (viii) defeasance;
- (ix) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (x) rating changes;
- (xi) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (xii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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
- (xiii) appointment of a successor or additional paying agent/registrar or the change of name of a paying agent/registrar, if material.

For these purposes, any event described in the immediately preceding clause (xii) 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 United States 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 of business of the City.

(b) The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 12.01 of this Ordinance by the time required by such Section.

Section 12.03. Limitations, Disclaimers and Amendments.

(a) The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Article XI that causes the Bonds no longer to be Outstanding.

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

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

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

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

The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. The provisions of this Article may also be amended from time to time or repealed by the

City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 12.02 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

## ARTICLE XIII

### AMENDMENTS TO ORDINANCE

Section 13.01. Amendments to Ordinance. (a) The City reserves the right to amend this Ordinance without the consent of or notice to any registered owners of the Bonds in any manner not detrimental to the interest of the Owners for the purpose of curing any ambiguity, inconsistency, manifest error, formal defect or omission in the Ordinance.

(b) The City reserves the right, but only with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then outstanding, to amend, add to, or rescind any of the provisions of the Ordinance.

(c) Without the consent of the Owners of all of the Bonds then outstanding, no amendment, addition or rescission may (i) extend the time or times of payment of the principal of and interest on the Bonds, (ii) reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of and interest on the Bonds; (iii) give any preference to any Bonds over any other Bond, or (iv) reduce the aggregate principal amount of Bonds required to be held by Owners for consent to any such amendment, addition or rescission.

### Section 13.02. Notice and Adoption of Amendment.

If the City desires to amend this Ordinance and such amendment requires the consent of the Owner pursuant to Section 13.01, the City shall cause notice of the proposed amendment to be given in writing to each Owner of Bonds then outstanding. If, within thirty (30) days, or such longer period as shall be prescribed by the City, following the giving of such notice, the Owners of Bonds then outstanding in the aggregate principal amount required by Section 13.01 shall have consented to the amendment as herein provided, no Owner of a Bond shall have any right to object to any of the terms and provisions contained therein, or in any manner to question the propriety of the execution thereof, and all the rights of all Owners of Bonds shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such amendment.

### Section 13.03. Consent of Owners Irrevocable.

Any consent given by any Owner of a Bond pursuant to the provisions of this Article shall be irrevocable and binding on all future Owners of the same Bond from the date of such consent.

Section 13.04. Nonsubstantive Changes.

The City, in consultation with the City's Bond Counsel, is hereby authorized and directed to approve such nonsubstantive changes to this Ordinance as may be required by the Attorney General of Texas in his approval of the Bonds herein authorized.

ARTICLE XIV

REDEMPTION OF REFUNDED OBLIGATIONS; APPROVAL OF ESCROW AGREEMENT

Section 14.01. Appointment of Escrow Agent; Approval of Escrow Agreement.

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, is hereby appointed as Escrow Agent for the Refunded Obligations. The Escrow Agreement, in substantially the form presented at this meeting and subject to such insertions and changes as may be required to conform the Escrow Agreement to the terms of the refunding of the Refunded Obligations. The Mayor is hereby authorized and directed to execute and deliver the Escrow Agreement.

Section 14.02. Purchase of Securities for Escrow Fund.

The City Manager and the Finance Director of the City, each singly, are authorized to make necessary arrangements for the purchase of the Federal Securities referenced in the Escrow Agreement, including, without limitation, the execution of such documents, certificates or instruments as may be necessary in connection therewith including the execution of subscriptions for the purchase of United States Treasury Securities - State and Local Government Series. All actions of such authorized officers taken prior to the date of this Ordinance in connection with making arrangements for the purchase of such Federal Securities are hereby ratified and affirmed.

Section 14.03. Redemption of Refunded Obligations.

The Refunded Obligations described on Schedule I hereto are hereby called for redemption and shall be redeemed prior to their stated maturities on the respective dates and at the redemption prices set forth in Schedule I hereto. Following the deposit to the Escrow Fund as herein specified, the Refunded Obligations shall be payable solely from and secured by the cash and securities on deposit in the Escrow Fund.

Section 14.04. Notice of Redemption.

The City Manager or the Finance Director of the City, each of them and singly, are hereby authorized to cause notice of redemption to be given to the Escrow Agent as paying agent/registrar for the Refunded Obligations, by delivering a copy of this Ordinance thereto. The Escrow Agent, as paying agent/registrar for the Refunded Obligations, is hereby authorized and directed to give notice of redemption with respect to the Refunded Obligations to the persons entitled to receive such notice as required under the ordinances pursuant to which the Refunded Obligations were issued.

ARTICLE XV

EFFECTIVE IMMEDIATELY

Section 15.01. Effective Immediately.

Notwithstanding the provisions of the City Charter, this Ordinance shall become effective immediately upon its adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

PASSED AND ADOPTED this July 20, 2015.

Schedule I

Refunded Obligations

(See Attached Schedule)

## EXHIBIT A

### DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XII of this Ordinance.

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

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

1. The portions of the financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded Fiscal Year.
2. Statistical and financial data set forth in Tables numbered 1 through 6 and 8 through 15, each inclusive.

#### **Accounting Principles**

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

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.



(See "Continuing Disclosure of Information" herein)

## PRELIMINARY OFFICIAL STATEMENT

Dated \_\_\_\_\_, 2015

**Ratings:**  
**S&P: Applied for**  
**Fitch: Applied for**  
**See "OTHER INFORMATION**  
**- Ratings"**

### NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds are not "private activity bonds." See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.

### THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

**\$23,015,000\***  
**CITY OF LEWISVILLE, TEXAS**  
**(Denton and Dallas Counties)**  
**GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015**

**Dated Date: July 15, 2015**

**Due: February 15, as shown below**

**Interest to accrue from Date of Delivery**

**PAYMENT TERMS . . .** Interest on the \$23,015,000\* City of Lewisville, Texas, General Obligation Refunding Bonds, Series 2015 (the "Bonds") will accrue from the date of delivery to the initial purchasers thereof (the "Date of Delivery"), will be payable February 15 and August 15 of each year, commencing February 15, 2016 until maturity or prior redemption and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System". The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE . . .** The Bonds are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Chapter 1207, Texas Government Code, as amended, and are direct obligations of the City of Lewisville, Texas (the "City"), payable from a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, as provided in the ordinance authorizing the issuance of the Bonds (the "Ordinance") (see "THE BONDS - Authority for Issuance" and "THE BONDS - Security and Source of Payment").

**PURPOSE . . .** Proceeds from the sale of the Bonds will be used to provide funds (i) to refund a portion of the City's outstanding debt (the "Refunded Obligations"), in order to lower the overall debt service requirements of the City (see "PLAN OF FINANCING - Refunded Obligations" for more detail and Schedule I for a detailed description of the Refunded Obligations), and (ii) to pay the costs associated with the issuance of the Bonds.

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**CUSIP PREFIX: 528810**

**MATURITY SCHEDULE & 9 DIGIT CUSIP**

**See Schedule on Page 2**

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**LEGALITY . . .** The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell & Giuliani LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinion"). Certain matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, as Counsel to the Underwriters.

**DELIVERY . . .** It is expected that the Bonds will be available for delivery through DTC on August 19, 2015.

**RAYMOND JAMES**

**HUTCHINSON, SHOCKEY, ERLEY & Co.**

\* Preliminary, subject to change.

**MATURITY SCHEDULE\***

<u>15-Feb Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix<sup>(1)</sup></u>
2016	\$ 1,030,000			
2017	850,000			
2018	875,000			
2019	900,000			
2020	1,935,000			
2021	2,010,000			
2022	2,255,000			
2023	1,805,000			
2024	730,000			
2025	1,655,000			
2026	1,765,000			
2027	1,880,000			
2028	980,000			
2029	1,020,000			
2030	1,065,000			
2031	1,110,000			
2032	1,150,000			

**(Interest to accrue from the Date of Delivery)**

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the City, the Financial Advisor nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS – Optional Redemption").

\* Preliminary, subject to change.

This Official Statement, which includes the cover page and the Schedule and Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the City with respect to the Bonds that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise, or guarantee of the Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Neither the City, its Financial Advisor nor the Underwriters make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE, AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE BONDS THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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The cover page hereof, this page, the schedule and the appendices included herein and any addenda, supplement, or amendment hereto, are part of the Official Statement.

## OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

- THE CITY**..... The City of Lewisville, Texas (the “City”), is a political subdivision and municipal corporation of the State of Texas (the “State”), located in Denton and Dallas Counties, Texas. The City encompasses approximately 43 square miles (see "INTRODUCTION - Description of the City").
- THE BONDS** ..... The \$23,015,000\* General Obligation Refunding Bonds, Series 2015 are scheduled to mature on February 15 in the years 2016 through 2032 (see "THE BONDS - Description of the Bonds").
- PAYMENT OF INTEREST** ..... Interest on the Bonds accrues from the date of delivery to the initial purchasers thereof (the “Date of Delivery”), and is payable February 15, 2016, and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds").
- AUTHORITY FOR ISSUANCE**..... The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Chapter 1207, Texas Government Code, as amended and an ordinance (the “Ordinance”) authorizing the issuance of the Bonds passed by the City Council of the City (see "THE BONDS - Authority for Issuance").
- SECURITY FOR THE BONDS** ..... The Bonds constitute direct obligations of the City, payable from a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City (see "THE BONDS - Security and Source of Payment").
- OPTIONAL REDEMPTION** ..... The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “THE BONDS – Optional Redemption”).
- TAX EXEMPTION** ..... In the opinion of Bond Counsel, under existing law, the interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds are not “private activity bonds.” See "TAX MATTERS" for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.
- USE OF PROCEEDS**..... Proceeds from the sale of the Bonds will be used to provide funds (i) to refund a portion of the City’s outstanding debt (the “Refunded Obligations”), in order to lower the overall debt service requirements of the City (see “PLAN OF FINANCING - Refunded Obligations” for more detail and Schedule I for a detailed description of the Refunded Obligations), and (ii) to pay the costs associated with the issuance of the Bonds.
- RATINGS** ..... The presently outstanding tax-supported debt of the City is rated "AAA" by Standard & Poor’s Ratings Services, a Standard & Poor’s Financial Services LLC business ("S&P") and "AAA" by Fitch Ratings ("Fitch"), in each case without regard to credit enhancement. Applications have been made to S&P and Fitch for contract ratings on the Bonds (see "OTHER INFORMATION - Ratings").
- BOOK-ENTRY-ONLY SYSTEM**..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company (“DTC”) pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").
- PAYMENT RECORD** ..... The City has never defaulted on the payment of its tax-supported indebtedness.

\* Preliminary, subject to change.

**SELECTED FINANCIAL INFORMATION**

Fiscal Year Ended 9/30	Estimated City Population <sup>(1)</sup>	Assessed Valuation <sup>(2)</sup>	Per Capita Assessed Valuation	Net General Obligation (G.O.) Tax Debt <sup>(3)</sup>	Per Capita Net G. O. Tax Debt	Ratio of Net Tax Debt to Assessed Valuation	% Total Levy Collections
2011	95,390	\$ 6,078,249,548	\$ 63,720	\$ 52,420,000	\$ 550	0.86%	99.72%
2012	96,000	6,271,233,185	65,325	56,020,000	584	0.89%	100.52%
2013	97,860	6,470,920,617	66,124	50,610,000	517	0.78%	100.03%
2014	98,330	6,874,511,196	69,913	57,665,000	586	0.84%	100.13%
2015	99,313	7,383,392,483	74,345	51,745,000 <sup>(4)</sup>	521 <sup>(4)</sup>	0.70% <sup>(4)</sup>	98.40% <sup>(5)</sup>

(1) Source: City Officials.

(2) As reported by the Denton Central Appraisal District and Dallas Central Appraisal District on the City's annual Certified State Property Tax Board Reports; subject to change during the ensuing year.

(3) Does not include self-supporting debt. See Table 1 and Table 10 for additional information on self-supporting debt.

(4) Projected, excludes the Refunded Obligations; includes the Bonds. Preliminary, subject to change.

(5) Collections as of March 31, 2015.

**GENERAL FUND CONSOLIDATED STATEMENT SUMMARY**

	Fiscal Year Ending September 30,				
	2014	2013	2012	2011	2010
Beginning Balance	\$ 31,491,278	\$ 31,072,847	\$ 29,320,039	\$ 26,768,340	\$ 32,008,366
Total Revenue	67,718,489	64,159,894	59,949,773	57,727,048	57,998,365
Total Expenditures	65,259,892	60,397,895	58,414,080	56,838,552	56,239,881
Net Transfers	(2,306,314)	(3,343,568)	217,115	1,663,203	(6,998,510)
Ending Balance	<u>\$ 31,643,561</u>	<u>\$ 31,491,278</u>	<u>\$ 31,072,847</u>	<u>\$ 29,320,039</u>	<u>\$ 26,768,340</u>

For additional information regarding the City, please contact:

Brenda Martin  
 Director of Finance  
 City of Lewisville  
 151 W. Church Street  
 Lewisville, Texas 75057  
 (972) 219-3775

or

W. Boyd London, Jr.  
 Jason L. Hughes  
 First Southwest Company, LLC  
 325 N. St. Paul St.  
 Suite 800  
 Dallas, Texas 75201  
 (214) 953-4000

**CITY OFFICIALS, STAFF AND CONSULTANTS**

**ELECTED OFFICIALS**

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Rudy Durham Mayor	21 Years	May, 2018	Chief Appraiser Denton Central Appraisal District
R. Neil Ferguson Mayor Pro-Tem	3 Years	May, 2018	Technology Consultant
Greg Tierney Deputy Mayor Pro-Tem	12 Years	May, 2016	Owner Tierney's Café and Tavern
Leroy Vaughn Councilmember	4 Years	May, 2017	Owner Voninamillion Home Solutions
T.J. Gilmore Councilmember	4 Years	May, 2017	Regional Sales Account Executive ICON Voice Networks
Brent Daniels Councilmember	-*	May, 2016	Owner Bahama Buck's

\* Mr. Daniels won the May 9, 2015 election and will serve the remainder of the unexpired term.

**SELECTED ADMINISTRATIVE STAFF**

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Donna Barron	City Manager	25 Years
Steve Bacchus	Assistant City Manager	39 Years
Melinda Galler	Assistant City Manager	27 Years
Eric Ferris	Assistant City Manager	28 Years
Brenda Martin	Director of Finance	9 Years
Julie Heinze	City Secretary	15 Years
Lizbeth Plaster	City Attorney	10 Years
Nika Reinecke	Economic Development Director	7 Years

**CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS**

Auditors ..... Weaver and Tidwell, LLP  
Dallas, Texas

Bond Counsel ..... Bracewell & Giuliani LLP  
Dallas, Texas

Financial Advisor ..... First Southwest Company, LLC  
Dallas, Texas

## PRELIMINARY OFFICIAL STATEMENT

### RELATING TO

**\$23,015,000\***

### **CITY OF LEWISVILLE, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015**

#### INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of \$23,015,000\* City of Lewisville, Texas, General Obligation Refunding Bonds, Series 2015 (the "Bonds"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance (the "Ordinance") authorizing the issuance of the Bonds.

There follows in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, First Southwest Company, LLC, Dallas, Texas.

**DESCRIPTION OF THE CITY . . .** The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State and the City's Home Rule Charter. The City was incorporated in 1925, and first adopted its Home Rule Charter in 1963; its Home Rule Charter was last amended in 2004. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers elected for three-year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, tourism and general administrative services. The 2010 Census population for the City was 95,290; the estimated 2015 population is 99,313. The City encompasses approximately 43 square miles.

#### PLAN OF FINANCING

**PURPOSE . . .** Proceeds from the sale of the Bonds will be used to provide funds (i) to refund a portion of the City's outstanding debt described on Schedule I (the "Refunded Obligations"), in order to lower the overall debt service requirements of the City, and (iii) to pay the costs associated with the issuance of the Bonds.

**REFUNDED OBLIGATIONS . . .** The principal and interest due on the Refunded Obligations are to be paid on the scheduled interest payments dates and the redemption dates of such Refunded Obligations, from funds to be deposited pursuant to a certain escrow agreement (the "Escrow Agreement") between the City and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Escrow Agent"). The Ordinance provides that from the proceeds of the sale of the Bonds received from the Underwriters and other funds of the City, if any, the City will deposit with the Escrow Agent an amount which, together with the Federal Securities (defined below) purchased with a portion of the Bond proceeds and the interest to be earned on such Federal Securities, will be sufficient to accomplish the discharge and final payment of the Refunded Obligations on their redemption dates. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase (i) direct noncallable obligations of the United States of America (the "United States"), including obligations that are unconditionally guaranteed by the United States or (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, that, on the date the City adopts the Ordinance are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent (the "Federal Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Obligations. **Such maturing principal of and interest on the Federal Securities will not be available to pay the Bonds** (see "OTHER INFORMATION - Verification of Arithmetical and Mathematical Computations").

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\* Preliminary, subject to change.

By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of all of the Refunded Obligations in accordance with the law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the report of Grant Thornton LLP, the Refunded Obligations will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and such Refunded Obligations will not be deemed as being outstanding obligations of the City payable from taxes or other revenues nor for the purpose of applying any limitation on the issuance of debt, and the City will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Obligations from time to time, including any insufficiency therein caused by the failure to receive payment when due on the Federal Securities.

**SOURCES AND USES OF BOND PROCEEDS . . .** Proceeds from the sale of the Bonds, together with available City funds, if any, are expected to be expended as follows:

Principal Amount	\$ -
Reoffering Premium	
City Contribution, if any	
<b>TOTAL SOURCES</b>	<b>\$ -</b>
Deposit to Construction Fund	\$ -
Deposit to the Debt Service Fund	
Underwriters' Discount	
Costs of Issuance	
<b>TOTAL USES</b>	<b>\$ -</b>

#### **THE BONDS**

**DESCRIPTION OF THE BONDS . . .** The Bonds are dated July 15, 2015 (the "Dated Date"), and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds will accrue from the date of delivery of the Bonds to the initial purchasers thereof (the "Date of Delivery"), will be calculated on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2016, until maturity or prior redemption. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the beneficial owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System" herein.

**AUTHORITY FOR ISSUANCE . . .** The Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapter 1207, Texas Government Code, as amended and the Ordinance.

**SECURITY AND SOURCE OF PAYMENT . . .** The Bonds constitute direct obligations of the City and the principal thereof and interest thereon are payable from a direct and continuing annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City, as provided in the Ordinance.

**TAX RATE LIMITATION . . .** All taxable property within the City is subject to the assessment, levy and collection by the City of a direct and continuing annual ad valorem tax to provide for the operations of the City, including the payment of principal of and interest on all ad valorem tax debt, within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City adopts the constitutionally authorized maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all tax-supported debt service, as calculated at the time of issuance and based on a 90% collection rate.

**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

**NOTICE OF REDEMPTION** . . . Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. In the Ordinance, the City reserves the right to give notice of its election or direction to redeem Bonds pursuant to an optional redemption conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date or (ii) that the City retains the right to rescind such notice at any time 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 where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. SUBJECT TO THE RIGHT OF THE CITY TO GIVE A CONDITIONAL NOTICE OF REDEMPTION AS DESCRIBED IN THE IMMEDIATELY PRECEDING PARAGRAPH, NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

**BOOK-ENTRY-ONLY SYSTEM** . . . *This section describes how ownership of the Bonds is to be transferred and how the principal of and interest on the Bonds are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Bonds 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 Official Statement. The City and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

*The City and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, 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 Bonds), 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, 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 Bonds. The Bonds 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 Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be 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) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payment of redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

**Use of Certain Terms in Other Sections of this Official Statement.** In reading this Official Statement, it should be understood that while the Bonds are in the Book-Entry-Only System references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City or the Underwriters.

**Effect of Termination of Book-Entry-Only System.** In the event the Book-Entry-Only System with respect to the Bonds is discontinued by DTC, or the use of the Book-Entry-Only System with respect to the Bonds is discontinued by the City, printed certificates will be issued to the registered owners of the Bonds, as the case may be, and the respective Bonds will be subject to transfer, exchange, and registration provisions as set forth in the Ordinance, summarized under "Transfer, Exchange, and Registration" below.

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

**PAYMENT . . .** Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity or prior redemption date upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Bonds, all payments will be made as described under "THE BONDS - Book-Entry-Only System" herein. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

**TRANSFER, EXCHANGE AND REGISTRATION . . .** In the event the Book-Entry-Only System should be discontinued, printed Bond certificates will be delivered to the registered owners and thereafter the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount as the Bonds surrendered for exchange or transfer. See "THE BONDS - Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds.

**RECORD DATE FOR INTEREST PAYMENT . . .** The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on the last business day of the preceding month.

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

**DEFEASANCE . . .** The Ordinance provides that the City may discharge its obligations to the registered owners of any or all of the Bonds, as applicable, to pay principal and interest thereon in any manner permitted by law. Under current Texas law, such discharge may be accomplished either (i) by depositing with the Paying Agent/Registrar or any other lawfully authorized entity a sum of money equal to the principal of and all interest to accrue on such Bonds to maturity or prior redemption or (ii) by depositing with the Paying Agent/Registrar or other lawfully authorized entity amounts sufficient, together with the investments earnings thereon, to provide for the payment and/or redemption of such Bonds; provided, that under current law, such deposits may be invested and reinvested only in (a) direct non-callable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a

state that have been refunded and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations to refund the Bonds, as applicable, are rated as to investment quality by a nationally recognized investment rating firm not less than "AAA" or its equivalent. The foregoing obligations may be in book-entry form, and shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for the payment to the registered owners of such Bonds at the date of maturity or prior redemption of the full amount to which such owner would be entitled and for giving notice of redemption as provided in the Ordinance.

Under current State law, upon such deposit as described above, the Bonds shall no longer be regarded to be outstanding for any purpose other than the payment thereof. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law.

**BONDHOLDERS' REMEDIES . . .** The Ordinance establishes as "events of default" (i) the failure to make payment of principal or interest on any of the Bonds when due and payable; or (ii) default in the performance of observance of any other covenant, agreement or obligation of the City, which default materially and adversely affects the rights of the related Owners, including but not limited to their prospect or ability to be repaid in accordance with the Ordinance, and the continuation thereof for a period of sixty days after notice of such default is given by any Owner to the City. **Under State law, there is no right to the acceleration of maturity of the Bonds upon the failure of the City to observe any covenant under the Ordinance.** Although a registered owner could presumably obtain a judgment against the City if a default occurred in any payment of the principal or interest on any such Bonds, such judgment could not be satisfied by execution against any property of the City. Such registered owner's only practical remedy, if a default occurs, is a mandamus or mandatory injunction proceeding to compel the City, to assess and collect an annual ad valorem tax sufficient to pay principal of and interest on the Bonds as they become due. The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. Moreover, there is no assurance that the remedy of mandamus will be available, as discussed in the next following paragraph.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3rd 325 (Tex. 2006) ("Tooke") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers municipalities and relates to contracts entered into by municipalities for providing goods or services to municipalities. The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by the Act. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the City is not using the authority provided by Chapter 1371 and has not waived sovereign immunity in the proceedings authorizing the Bonds.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter

9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that the rights of holders of the Bonds 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.

**AMENDMENTS TO ORDINANCE . . .** The City may, without the consent of or notice to the Owners, from time to time and at any time amend the Ordinance in any manner not detrimental to the interests of the Owners, for the purpose of curing of any ambiguity, inconsistency, manifest error, or formal defect or omission in the Ordinance. In addition, the City may, with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then outstanding, amend, add to or rescind any of the provisions of the Ordinance; provided, that, without the consent of the Owners of all Bonds then outstanding, no such amendment, addition, or rescission shall: (i) extend the time or times of payment of the principal of and interest on the Bonds, (ii) reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of and interest on the Bonds; (iii) give any preference to any Bonds over any other Bond, or (iv) reduce the aggregate principal amount of Bonds required to be held by Owners for consent to any such amendment, addition or rescission.

If the City desires to amend the Ordinance and such amendment requires the consent of the Owner as described in the next preceding paragraph, the City shall cause notice of the proposed amendment to be given in writing to each Owner of Bonds then outstanding. If, within thirty (30) days, or such longer period as shall be prescribed by the City, following the giving of such notice, the Owners of Bonds then outstanding in the aggregate principal amount required as described in the next preceding paragraph shall have consented to the amendment as herein provided, no Owner of a Bond shall have any right to object to any of the terms and provisions contained therein, or in any manner to question the propriety of the execution thereof, and all the rights of all Owners of Bonds shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such amendment. Any consent given by any Owner of a Bond pursuant to the provisions of the Ordinance shall be irrevocable and binding on all future Owners of the same Bond from the date of such consent.

## **TAX INFORMATION**

**AD VALOREM TAX LAW . . .** The appraisal of property within the City is the responsibility of the Denton Central Appraisal District and Dallas Central Appraisal District (collectively, the "Appraisal Districts"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal Districts are required under the Property Tax Code to appraise all property within the Appraisal Districts on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the market value of the property in the most recent tax year, or (2) 110% of the appraised value of the residence homestead for the preceding tax year plus the market value of all new improvements to the property. The value placed upon property within the Appraisal Districts is subject to review by an Appraisal Review Board, consisting of members appointed by the Board of Directors of the respective Appraisal District. The Appraisal Districts are required to review the value of property within the Appraisal Districts at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to the V.T.C.A., Property Tax Code, for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Article VIII, Section 1-b, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than \$3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of \$5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000 depending upon the degree of disability or whether the exemption is applicable to a surviving spouse or children. Notwithstanding the foregoing, a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100% disability compensation due to a service-connected disability and a rating of 100% disabled or of individual unemployment is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead.

Following the approval by the voters at a November 5, 2013 statewide election, a partially disabled veteran or the surviving spouse of a partially disabled veteran is entitled to an exemption equal to the percentage of the veteran's disability, if the residence was donated at no cost to the veteran by a charitable organization.

Also approved by the November 5, 2013 election, was a constitutional amendment providing that the surviving spouse of a member of the armed forces who is killed in action is entitled to a property tax exemption for all or part of the market value of such surviving spouse's residences homestead, if the surviving spouse has not remarried since the service member's death and said property was the service member's residence homestead at the time of death. Such exemption is transferable to a different property of the surviving spouse, if the surviving spouse has not remarried, in an amount equal to the exemption received on the prior residence in the last year in which such exemption was received.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods in transit." Under Section 11.253 of the Texas Tax Code, "Goods-in-Transit" are exempt from taxation unless a taxing unit opts out of the exemption. Goods-in-Transit are defined as tangible personal property that: (i) is acquired in or imported into the state to be forwarded to another location in the state or outside the state; (ii) is detained at a location in the state in which the owner of the property does not have a direct or indirect ownership interest for assembling, storing, manufacturing, processing, or fabricating purposes by the person who acquired or imported the property; (iii) is transported to another location in the state or outside the state not later than 175 days after the date the person acquired the property in or imported the property into the state; and (iv) does not include oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory. A taxpayer may receive only one of the freeport exemptions or the goods-in-transit exemptions for items of personal property.

The City and the other taxing bodies within its territory may agree to jointly create tax increment financing zones, under which the tax values on property in the zone are "frozen" at the value of the property at the time of creation of the zone (see "Tax Increment Financing Zone" below). Other overlapping taxing units may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the zone in excess of the "frozen value" to pay or finance the costs of certain public improvements in the zone. Taxes levied by the City against the values of real property in the zone in excess of the "frozen value" are not available for general city use but are restricted to paying or financing "project costs" within the zone. The City also may

enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years. (See "Tax Abatement Policy" below).

Cities are also authorized, pursuant to Chapter 380, Texas Local Government Code ("Chapter 380") to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes, however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City.

Under Article VIII, Section 1-b(h) and State law, the governing body of a county, municipality, or junior college district may provide that the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older will not be increased above the amount of taxes imposed in the year such residence qualified for such limitation. Also, upon receipt of a petition signed by 5% of the registered voters of the county, municipality or junior college district, an election held to determine by majority vote whether to establish such a limitation on taxes paid on residence homestead of persons 65 years of age or older or of persons who are disabled. The above-referenced tax limitation is transferable to (1) a different residence homestead within the city and (2) to a surviving spouse so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax limitation may not be repealed or rescinded.

**EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . .** By each September 1 or as soon thereafter as practicable, the City Council adopts a tax rate per \$100 taxable value for the current year. The City Council will be required to adopt the annual tax rate for the City before the later of September 30 or the 60<sup>th</sup> day after the date the certified appraisal roll is received by the City. If the City Council does not adopt a tax rate by such required date the tax rate for that tax year is the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the City for the preceding tax year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". A tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings have been held on the proposed tax rate following notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

**PROPERTY ASSESSMENT AND TAX PAYMENT . . .** Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

**PENALTIES AND INTEREST . . .** Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

<u>Month</u>	<u>Cumulative Penalty</u>	<u>Cumulative Interest</u>	<u>Total</u>
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, penalty remains at 12%, and interest increases at the rate of 1% each month. In addition, if an account is delinquent in July, a 15% attorney's collection fee is added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

**CITY APPLICATION OF TAX CODE. . .** The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$60,000; the disabled are also granted an exemption of \$20,000.

The City has not granted an additional exemption of 20% of the market value of residence homesteads.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property; and Denton County (the "County") collects taxes for the City.

The City does not permit split payments, and discounts are not allowed.

The City does not tax freeport property.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted a tax abatement policy.

The City has approved a freeze on the taxes of residence homesteads of persons 65 years of age and older or who are disabled. The freeze was effective beginning with the 2006 tax year.

**TAX ABATEMENT POLICY. . .** The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet qualified minimums pertaining to job creation and property value enhancement. The City grants abatements on a case by case basis. Since 1997, the City has approved 55 abatement agreements of which 15 are currently active.

**TAX INCREMENT REINVESTMENT ZONES. . .** In December 2001, the City Council established the Lewisville Tax Increment Reinvestment Zone Number One (the "TIRZ #1"). The TIRZ #1 is approximately 215 acres and is generally bounded by Interstate 35E on the west, Railroad Street on the east, College Street on the north and Purnell Street on the south.

The TIRZ #1 was originally established with a duration of 20 years. The City and the County both participate in the Tax Increment Fund created for the financing of the TIRZ #1. In 2007, the TIRZ #1 project and financing plans were revised to allow the TIRZ to remain in existence as long as outstanding debt remains and to allow the financing of public facilities. The City participates at 100% for the life of the TIRZ #1 and the County participates at 90% for 2006-2010, 85% for 2011-2015, 80% for 2016-2020 and 75% for 2021 through expiration of the debt.

The amount of a taxing unit's "tax increment" for a year is the amount of property taxes levied by the taxing unit for that year on the captured appraised value of real property taxable by the taxing unit and located in the tax increment financing district, multiplied by the taxing unit's percentage level of participation. The captured appraised value is the total appraised value of the property for a year, less the tax increment base value of the taxing unit. The tax increment base value for a taxing unit is the total

appraised value of all real property taxable by the taxing unit and located in the tax increment financing district as of January 1 of the year in which the City created the tax increment financing district. The Old Town Tax Increment Reinvestment Zone has experienced an incremental increase in taxable value of \$105,543,479 since inception. During the existence of a tax increment reinvestment zone, taxes levied by the City against the captured appraised value are restricted to paying project and financing costs within the zone and are not available for the payment of other obligations of the City, including the Bonds.

Projects to date include parking improvements, wayfinding, infrastructure needs studies, sidewalk enhancements, beautification projects, the Medical Center of Lewisville Grand Theater (MCL Grand Theater), and the Wayne Ferguson Plaza. New mixed use projects, including residential units, were approved in 2014 with over 4,000 square feet of office space and 75 new residential units in a price range of \$250,000 to \$350,000.

In October 2008, the City Council established the Lewisville Tax Increment Reinvestment Zone Number Two (the "TIRZ #2"). The TIRZ #2 is approximately 427 acres and is located at the intersection of I-35E and SH 121 adjacent to the Denton County Transportation Authority rail stop. .

The TIRZ #2 has been established for a duration of 30 years. The City and the County both participate in the Tax Increment Fund created for the financing of the TIRZ #2. The City and the County each participate at 80% for the life of the TIRZ #2.

This Zone started with a base value of \$9,097,649 and has added \$43,733,069 in incremental value. During the existence of a tax increment reinvestment zone, taxes levied by the City against the captured appraised value are restricted to paying project and financing costs within the zone and are not available for the payment of other obligations of the City, including the Bonds.

The project consists of urban residential, retail, recreation, and entertainment uses. The Denton County Transit Authority (DCTA) A-Train Station was completed in June 2011. Currently, the project has completed 250 units of multi-family residential housing with 444 units under construction. The City is working on the design for a bridge over Timber Creek to connect the project to the I-35E frontage road. The Zone will expire in 2038 or at such time that subsequent debt issuance payments and obligations are paid in full.

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**TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2014/15 Market Valuation Established by the Appraisal Districts (excluding totally exempt property)		\$8,550,280,301
Less Exemptions/Reductions at 100% Market Value:		
Over 65 / Disabled Persons	\$ 182,784,929	
Disabled Veterans	8,553,945	
Member Armed Services Surviving Spouse	168,115	
Community Housing Development Org.	14,562,804	
House Bill 366 Loss	153,223	
Freeport Loss	487,976,751	
Abatements	112,197,594	
10% Homestead Cap Loss	18,293,097	
Pollution Control	575,279	
Prorated Exempt Property	3,823,571	
Open-Space and Timberland Use Reductions	<u>86,978,539</u>	<u>916,067,847</u>
Adjustments <sup>(1)</sup>		(250,819,971)
2014/15 Net Taxable Assessed Valuation		\$7,383,392,483
Total Tax-Supported Debt Payable from Ad Valorem Taxes (as of 4-30-15) <sup>(2)</sup>		
Outstanding General Obligation Debt <sup>(3)</sup>	\$ 64,030,000	
The Bonds <sup>(4)</sup>	<u>23,015,000</u>	\$ 87,045,000
Less: Self-Supporting Debt <sup>(5)</sup>		35,300,000
Net General Obligation Debt Payable from Ad Valorem Taxes		\$ 51,745,000
General Obligation Interest and Sinking Fund (as of 3-31-15)		\$ 4,234,095
Ratio General Obligation Tax Debt to Net Taxable Assessed Valuation		1.18%
2015 Estimated Population - 99,313		
Per Capita Taxable Assessed Valuation - \$74,345		
Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$521		

- (1) Includes adjustments for properties under review, exemptions not listed above, taxable values of freeze properties and TIF increment values.
- (2) Excludes the debt issued by the City that is payable from contract revenues paid by Denton County Fresh Water Supply Districts and, in the event of insufficient contract revenues will be paid by special assessment revenues levied against benefited property within the Lewisville-Castle Hills Public Improvement Districts. See "Schedule II – Castle Hills Public Improvement District" for a detailed description of this outstanding debt.
- (3) Excludes the Refunded Obligations; preliminary, subject to change.
- (4) Preliminary, subject to change.
- (5) Certain of the City's general obligation debt service is currently supported by an appropriation from the City's General Fund from moneys derived by the City from other revenues, income or resources in advance of the time when ad valorem taxes are scheduled to be levied for any given year. The City currently intends to continue such appropriation, but is not legally required to do so, and the City may discontinue such practice in the future. For additional information see Table 10 and accompanying footnote.

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**TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY**

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2015		2014		2013	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 3,033,075,276	35.47%	\$ 2,803,565,097	35.58%	\$ 2,718,757,833	36.75%
Real, Residential, Multi-Family	1,273,999,203	14.90%	1,037,111,445	13.16%	927,079,471	12.53%
Real, Vacant Lots/Tracts	178,538,260	2.09%	176,355,437	2.24%	138,761,476	1.88%
Real, Acreage (Land Only)	87,170,277	1.02%	92,494,435	1.17%	120,510,548	1.63%
Real, Farm and Ranch Improvements	39,832,837	0.47%	34,109,202	0.43%	3,324,392	0.04%
Real, Commercial and Industrial	2,167,399,483	25.35%	2,088,982,854	26.51%	2,043,534,965	27.62%
Real and Tangible Personal, Utilities	142,208,389	1.66%	150,296,569	1.91%	148,120,313	2.00%
Tangible Personal, Business	1,532,238,651	17.92%	1,400,628,984	17.78%	1,225,138,104	16.56%
Tangible Personal, Other	21,822,734	0.26%	23,113,300	0.29%	16,479,838	0.22%
Real Inventory	11,301,832	0.13%	16,005,519	0.20%	11,387,094	0.15%
Special Inventory	62,693,359	0.73%	56,784,695	0.72%	45,757,534	0.62%
Total Appraised Value Before Exemptions	\$ 8,550,280,301	100.00%	\$ 7,879,447,537	100.00%	\$ 7,398,851,568	100.00%
Adjustments	(250,819,971)		(122,254,801)		(63,049,285)	
Less: Total Exemptions/Reductions	916,067,847		882,681,540		864,881,666	
Taxable Assessed Value	<u>\$ 7,383,392,483</u>		<u>\$ 6,874,511,196</u>		<u>\$ 6,470,920,617</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2012		2011	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 2,799,541,643	39.08%	\$ 2,753,555,747	39.72%
Real, Residential, Multi-Family	800,971,914	11.18%	755,602,478	10.90%
Real, Vacant Lots/Tracts	152,940,585	2.13%	136,337,573	1.97%
Real, Acreage (Land Only)	124,124,669	1.73%	138,577,498	2.00%
Real, Farm and Ranch Improvements	3,757,127	0.05%	3,921,835	0.06%
Real, Commercial and Industrial	1,916,142,276	26.75%	1,925,273,683	27.77%
Real and Tangible Personal, Utilities	136,276,793	1.90%	115,416,589	1.67%
Tangible Personal, Business	1,155,077,229	16.12%	1,027,608,210	14.82%
Tangible Personal, Other	22,589,475	0.32%	22,825,023	0.33%
Real Inventory	9,570,724	0.13%	14,722,002	0.21%
Special Inventory	43,255,507	0.60%	37,857,932	0.55%
Total Appraised Value Before Exemptions	\$ 7,164,247,942	100.00%	\$ 6,931,698,570	100.00%
Adjustments	(110,261,286)		(103,602,364)	
Less: Total Exemptions/Reductions	782,753,471		749,846,658	
Taxable Assessed Value	<u>\$ 6,271,233,185</u>		<u>\$ 6,078,249,548</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Appraisal Districts to the State Comptroller of Public Accounts. Certified values are subject to change as contested values are resolved and the Appraisal Districts update records.

**TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9/30	Estimated Population <sup>(1)</sup>	Taxable Assessed Valuation <sup>(2)</sup>	Taxable Assessed Valuation Per Capita	(Net) G.O. Tax Debt Outstanding at End of Year <sup>(3)</sup>	Ratio of (Net) G.O. Tax Debt to Taxable Assessed Valuation	(Net) G.O. Tax Debt Per Capita
2011	95,390	\$6,078,249,548	\$ 63,720	\$52,420,000	0.86%	\$ 550
2012	96,000	6,271,233,185	65,325	56,020,000	0.89%	584
2013	97,860	6,470,920,617	66,124	50,610,000	0.78%	517
2014	98,330	6,874,511,196	69,913	57,665,000	0.84%	586
2015	99,313	7,383,392,483	74,345	51,745,000 <sup>(4)</sup>	0.70% <sup>(4)</sup>	521 <sup>(4)</sup>

(1) Source: City Officials.

(2) As reported by the Appraisal Districts on the City's annual Certified State Property Tax Board Reports; subject to change during the ensuing year.

(3) Does not include self-supporting debt (see Tables 1 and 10 and accompanying footnotes).

(4) Projected, excludes the Refunded Obligations; includes the Bonds. Preliminary, subject to change.

**TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Collected Fiscal Year of Tax Levy	% Total Levy Collections
2011	\$ 0.44021	\$ 0.32289	\$ 0.11732	\$ 28,228,960	99.49%	99.72%
2012	0.44021	0.32289	0.11732	28,925,178	99.62%	100.52%
2013	0.44021	0.32289	0.11732	29,949,696	99.63%	100.03%
2014	0.44021	0.32289	0.11732	31,844,644	99.63%	100.13%
2015	0.43609	0.31877	0.11732	34,102,934	98.06% <sup>(1)</sup>	98.40% <sup>(1)</sup>

(1) Collections for partial year only, through March 31, 2015.

**TABLE 5 - TEN LARGEST TAXPAYERS**

Name of Taxpayer	Nature of Property	2014/15 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Digital Lewisville LLC	Community Website	\$98,000,000	1.33%
Alcatel-Lucent USA Inc.	Telecommunications	84,337,637	1.14%
SYSCO Food Services of Dallas LP	Manufacturer	77,239,765	1.05%
Columbia Medical Center Lewisville	Medical	67,500,000	0.91%
TIC LAGO Vista LP etal.	Rental	60,556,800	0.82%
Teachers Insurance Annuity Association	Investments	50,692,349	0.69%
Madera Roe Investors SPE LLC Etal	Investments	48,450,000	0.66%
Cypress SPE LLC	Investments	47,576,950	0.64%
GTE Southwest Inc	Telecommunications	45,230,990	0.61%
Vista Ridge Joint Venture	Commercial	39,879,780	0.54%
		<u>\$ 619,464,271</u>	<u>8.39%</u>

**GENERAL OBLIGATION DEBT LIMITATION . . .** No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "THE BONDS - Tax Rate Limitation").

**TABLE 6 - TAX ADEQUACY <sup>(1)</sup>**

Net Principal and Interest Requirements, 2015	\$ 7,294,112
\$0.0988 Tax Rate at 100% Collection Produces	\$ 7,294,792
Net Average Annual Principal and Interest Requirements, 2015-2029	\$ 4,326,161
\$0.0586 Tax Rate at 100% Collection Produces	\$ 4,326,668
Net Maximum Principal and Interest Requirements, 2015	\$ 7,294,112
\$0.0988 Tax Rate at 100% Collection Produces	\$ 7,294,792

(1) Includes the Bonds; excludes self-supporting debt and the Refunded Obligations. Preliminary, subject to change.

**TABLE 7 - ESTIMATED OVERLAPPING DEBT <sup>(1)</sup>**

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

<u>Taxing Jurisdiction</u>	Total	Estimated %	City's	Authorized But Unissued Debt As Of 4/30/15
	G.O. Tax Debt 4/30/2015		Overlapping G.O. Tax Debt 4/30/15	
City of Lewisville	\$ 51,745,000 <sup>(1)</sup>	100.00%	\$ 51,745,000	\$ -
Lewisville Independent School District	1,224,830,893	29.35%	359,487,867	
Coppell Independent School District	218,772,323	0.75%	1,640,792	7,185,000
Denton County	609,410,000	11.92%	72,641,672	154,871,687
Dallas County	102,925,000	0.04%	41,170	-
Dallas County Community College District	321,510,000	0.04%	128,604	-
Dallas County Hospital District	736,235,000	0.04%	294,494	-
Dallas County Schools	63,875,000	0.04%	25,550	-
Denton County Levee Improvement District #1	9,780,000	69.21%	6,768,738	4,115,000
Denton County RUD #1	-	84.43%	-	18,565,000
Total Direct and Overlapping G. O. Tax Debt			\$ 492,773,888	
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation			6.67%	
Per Capita Overlapping G. O. Tax Debt			\$ 4,961.83	

(1) Excludes self-supporting debt and the Refunded Obligations. Includes the Bonds. Preliminary, subject to change.

**DEBT INFORMATION**

**TABLE 8 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

Fiscal Year Ending 9/30	Outstanding Debt Service <sup>(1)</sup>			The Bonds <sup>(2)</sup>			Total Gross Debt Service Requirements	Less: Self Supporting Debt Requirements	Total Net Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total				
2015	\$ 8,165,000	\$ 3,254,724	\$ 11,419,724	\$ -	\$ -	\$ -	\$ 11,419,724	\$ 4,125,612	\$ 7,294,112	
2016	7,380,000	2,369,896	9,749,896	1,030,000	906,092	1,936,092	11,685,988	4,551,948	7,134,040	
2017	7,420,000	2,065,586	9,485,586	850,000	816,800	1,666,800	11,152,386	4,543,682	6,608,705	
2018	7,470,000	1,780,912	9,250,912	875,000	795,175	1,670,175	10,921,087	4,576,269	6,344,817	
2019	7,105,000	1,512,686	8,617,686	900,000	768,550	1,668,550	10,286,236	4,609,013	5,677,224	43.27%
2020	5,540,000	1,270,102	6,810,102	1,935,000	726,025	2,661,025	9,471,127	3,999,023	5,472,105	
2021	5,175,000	1,057,606	6,232,606	2,010,000	656,800	2,666,800	8,899,406	4,035,676	4,863,730	
2022	4,815,000	865,381	5,680,381	2,255,000	571,500	2,826,500	8,506,881	3,836,925	4,669,956	
2023	5,000,000	678,444	5,678,444	1,805,000	490,300	2,295,300	7,973,744	3,867,841	4,105,903	
2024	5,205,000	475,931	5,680,931	730,000	439,600	1,169,600	6,850,531	3,907,069	2,943,462	79.47%
2025	2,160,000	324,806	2,484,806	1,655,000	391,900	2,046,900	4,531,706	2,046,900	2,484,806	
2026	1,825,000	244,675	2,069,675	1,765,000	323,500	2,088,500	4,158,175	2,088,500	2,069,675	
2027	1,905,000	170,125	2,075,125	1,880,000	250,600	2,130,600	4,205,725	2,130,600	2,075,125	
2028	1,975,000	92,375	2,067,375	980,000	193,400	1,173,400	3,240,775	1,173,400	2,067,375	
2029	1,055,000	26,375	1,081,375	1,020,000	153,400	1,173,400	2,254,775	1,173,400	1,081,375	96.51%
2030	-	-	-	1,065,000	111,700	1,176,700	1,176,700	1,176,700	-	
2031	-	-	-	1,110,000	68,200	1,178,200	1,178,200	1,178,200	-	
2032	-	-	-	1,150,000	23,000	1,173,000	1,173,000	1,173,000	-	100.00%
	<u>\$72,195,000</u>	<u>\$16,189,626</u>	<u>\$88,384,626</u>	<u>\$23,015,000</u>	<u>\$7,686,542</u>	<u>\$30,701,542</u>	<u>\$119,086,168</u>	<u>\$54,193,756</u>	<u>\$64,892,412</u>	

(1) "Outstanding Debt" does not include lease/purchase obligations or the Refunded Obligations. Preliminary, subject to change. Excludes the debt issued by the City that is payable from contract revenues paid by Denton County Fresh Water Supply Districts and, in the event of insufficient contract revenues will be paid by special assessment revenues levied against benefited property within the Castle Hills Public Improvement District. See "Schedule II – Lewisville-Castle Hills Public Improvement District" for a detailed description of this outstanding debt.

(2) Average life of the Bonds - 8.548 years. Interest calculated at an average rate for purposes of illustration. Preliminary, subject to change.

**TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION**

Net Tax Supported Debt Service Requirements, Fiscal Year Ending 9/30/15		\$	7,294,112
Budgeted Interest and Sinking Fund, 9/30/14	\$ 2,037,615		
Budgeted Interest and Sinking Fund Tax Levy	8,753,779		
Paying Agent Fees	6,349		
Estimated Investment Income	<u>\$ (7,500)</u>	\$	<u>10,790,243</u>
Estimated Balance, 9/30/15		\$	3,496,131

**TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT**

4B Economic Development Corporation Net Revenues for fiscal year ending 9/30/14	\$	3,925,775
Less: 2015 Requirements for Sales Tax Revenue Bonds		<u>-</u>
Balance Available for Other Purposes	\$	<u>3,925,775</u>
2015 Requirements for 4B Tax Revenue Self-Supporting General Obligation Debt <sup>(1)</sup>	\$	2,739,834
Percentage of Sales Tax Revenue Certificates of Obligation Self-Supporting		100.00%
Tax Increment Reinvestment Zone Net Revenues for fiscal year ending 9/30/14	\$	612,975
Less: 2015 Requirements for Revenue Bonds		<u>-</u>
Balance Available for Other Purposes	\$	<u>612,975</u>
2015 Requirements for Tax Increment Reinvestment Zone Revenue Self-Supporting General Obligation Debt <sup>(2)</sup>	\$	569,816
Percentage of Increment Tax Revenue Certificates of Obligation Self-Supporting		100.00%
Waterwork and Sewer System Revenues available for Debt Service as of 9/30/14	\$	12,458,533
Less: 2015 Requirements for Revenue Bonds		<u>5,748,976</u>
Balance Available for Other Purposes	\$	<u>6,709,557</u>
2015 Requirements for Waterworks and Sewer Revenue Self-Supporting General Obligation Debt <sup>(3)</sup>	\$	815,962
Percentage of System Revenue General Obligation Debt Self-Supporting		100.00%

(1) Includes portions of the Combination Tax and Revenue Certificates of Obligation, Series 2004, Combination Tax and Revenue Certificates of Obligation, Series 2007A and General Obligation Refunding and Improvement Bonds, Series 2012 payable from sales tax revenues, and in the event of insufficient revenues, the levy and collection of ad valorem taxes.

(2) Includes a portion of the Combination Tax and Revenue Certificates of Obligation, Series 2007A payable from property tax increment financing revenues, and in the event of insufficient revenues, the levy and collection of ad valorem taxes. Debt service repayment of the 2013 requirements are based on revenues collected during fiscal year end 9/30/14. Projected Tax Increment Reinvestment Zone Net Revenues for fiscal year end 9/30/15 are \$711,037, equating to over 100% of scheduled debt service.

(3) Includes a portion of the General Obligation Refunding Bonds, Series 2010 payable from waterworks and sewer system revenues, and in the event of insufficient revenues, the levy and collection of ad valorem taxes.

**TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

The City has no authorized but unissued ad valorem tax bonds.

**ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . .** The City does not anticipate the issuance of additional general obligation debt in the next 12 months.

## TABLE 12 - OTHER OBLIGATIONS

The City has no unfunded debt outstanding as of April 30, 2015.

**PENSION PLAN . . .** The City provides pension benefits for all its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

Upon retirement, benefits depend upon the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the inception of the City's plan, the City granted monetary credits for service rendered before the plan began (or prior service credits) of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest (3% annual), prior to establishment of the plan. Monetary credits for service since the plan began (or current service credits) are 200% of the employee's accumulated contributions. In addition, the City has granted on an annually repeating basis, another type of monetary credit referred to as an updated service credit. The updated service credit is calculated by taking the difference between this hypothetical account balance and the actual reserve balance. It is then increased by 3% each year not the actual interest credited to the member account in previous years, and increased by the City 2 to 1 match currently in effect. The resulting sum is then multiplied by 75% and compared to the member's prior year updated service credit balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the employee is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation. At retirement, the benefit is calculated as if the sum of the employee's contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity.

Members may choose to receive their retirement benefit in one of seven payment options: retiree life only; one of three lifetime survivor options; or one of three guaranteed term options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution (PLSD) in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75% of the total member deposits and interest.

The City elected to increase the annuities (annuity increases) of its retirees on an annually or on an annually repeating basis, effective January 1 of a calendar year. The City has adopted annuity increases at the rate of 70% of the increase (if any) in the Consumer Price Index—all Urban Consumers (CPI-U) between the December preceding the member's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

A member is vested after five years and can retire at age 60 and above with five or more years of service or at any age with 20 years of service. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions - The contribution rate for employees is 7% of employee gross earnings and the City's matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by an actuary, using the Entry Age Normal (EAN) actuarial cost method (the EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year.

The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as USC and annuity increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Contributions are made monthly by both the employees and the City. Since the City must know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2013 valuation is effective for rates beginning January 2015).

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The annual pension costs and net pension obligation (asset) are as follows:

Net Pension Obligation			
	FY 2013-14	FY 2012-13	FY 2011-12
Annual required contribution (ARC)	\$ 7,530,047	\$ 7,552,936	\$ 7,838,904
Interest on net pension obligation	444,263	433,870	382,287
Adjustment to the ARC	(397,194)	(379,131)	(309,105)
Annual pension costs (APC)	\$ 7,577,116	\$ 7,607,675	\$ 7,912,086
Contributions made	(7,606,524)	(7,459,191)	(6,811,107)
Increase (decrease) in net pension obligation	\$ (29,408)	\$ 148,484	\$ 1,100,979
Net pension obligation, beginning of year	6,346,624	6,198,140	5,097,161
Net pension obligation, end of year	\$ 6,317,216	\$ 6,346,624	\$ 6,198,140

Three-Year Trend Information			
	FY 2013-14	FY 2012-13	FY 2011+12
	12/31/2013	12/31/2012	12/31/2011
Actuarial valuation date			
Annual pension cost (APC)	\$ 7,577,116	\$ 7,607,675	\$ 7,912,083
Actual contributions made	7,606,524	7,459,191	6,811,107
Percentage of APC contributed	100.4%	98.0%	86.1%
Net pension obligation	\$ 6,317,216	\$ 6,346,624	\$ 6,198,140

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Schedule of Actuarial Assumptions and Valuations			
	FY 2013-14	FY 2012-13	FY 2011-12
	12/31/2013	12/31/2012	12/31/2011
Valuation date			
Actuarial cost method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	22.0 years; closed period	25.3 years; closed period	26.2 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial assumptions:			
Investment rate of return	7.0%	7.0%	7.0%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service
Cost-of-living adjustments	2.1%	2.1%	2.1%
*Includes inflation at	3.0%	3.0%	3.0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The schedule of funding progress below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

<b>Schedule of Actuarial Liabilities and Funding Progress</b>			
	FY 2013-14	FY 2012-13	FY 2011-12
	12/31/2013	12/31/2012	12/31/2011
Actuarial valuation date			
Actuarial value of assets	\$ 188,775,193	\$ 172,168,275	\$ 157,296,848
Actuarial accrued liability	236,230,579	211,137,970	198,973,790
Funded Ratio	79.9%	81.5%	79.1%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	47,455,386	38,969,695	41,676,942
Annual covered payroll	42,533,394	40,454,089	39,830,706
UAAL as a percentage of covered payroll	111.6%	96.3%	104.6%

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

#### ***Other Post-Employment Benefits***

The City provides \$15,000 in life insurance upon retirement with ten years of service with the City. Prior to October 2, 2013, the City purchased fully paid life insurance policies upon retirement for eligible employees. Beginning October 1, 2013, the City opted to purchase life insurance through the City's group life insurance vendor. Premiums are now paid monthly for the coverage at a rate of \$1.50 per \$1,000 of coverage or \$22.50 per month. The City had fifteen eligible retirees in fiscal year 2013-14 resulting in an annual expenditure of \$1,373.

Lewisville OPEB Liability Trust Fund - The City established an irrevocable trust in 2008 for the systematic funding of post-employment health benefits as a single-employer, defined benefit plan. Plan assets may be used only for the payment or reimbursement of benefits provided to retirees, in accordance with the terms of the plan.

Summary of Significant Accounting Policies - Financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized when due. The City's contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Plan Descriptions and Contribution Information - The City provides comprehensive group medical benefits for employees at retirement who meet the eligibility requirements for postretirement benefits. Eligibility requirements are (1) age 60 and 5 years of service with the City, or (2) 20 years of service with Texas Municipal Retirement System, the City's pension provider. Election must be made at time of retirement to remain in the plan. Continuation of coverage is subject to the payment of required contributions by participating retirees and dependents. The City contributes a fixed amount toward each retiree's monthly premium, based on the tenure with the City. The City's substantive plan places a zero percent (0%) cap on future contribution increases. The employee remains on the plan until age 65 when they are moved to a fully insured Medicare supplement plan. The City contributes a flat \$50 per month toward the retiree's fully insured premium.

Membership of the plan consists of the following at October 1, 2013, the date of the latest actuarial valuation:

Number of retirees and beneficiaries receiving benefit	90
Active plan members	634

Funding Status and Funding Progress - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Status and Funding Progress

Actuarial Valuation Date	10/1/2013	10/1/2012	10/1/2011
Actuarial Value of Assets	\$ 3,743,700	\$ 3,333,200	\$ 2,738,100
Actuarial Accrued Liability (AAL)	4,614,500	4,787,900	5,118,100
Unfunded AAL (UAAL)	870,800	1,454,700	2,380,000
Funded Ratio	81.1%	69.6%	53.5%
Covered Payroll	42,175,565	40,159,835	41,107,984
UAAL as a Percentage of Covered Payroll	2.1%	3.6%	5.8%

The schedule of employer contributions present trend information about the amounts contributed to the plan by the City in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Schedule of Employer Contributions and Net OPEB Obligation

Contribution Year	9/30/2014	9/30/2013	9/30/2012
Annual Required Contribution	\$ 224,000	\$ 366,600	\$ 359,300
interest on net OPEB obligation			-
Adjustment to annual required contribution			-
Annual OPEB cost	\$ 224,000	\$ 366,600	\$ 359,300
Contributions made	224,000	366,600	359,300
Change in OPEB obligation	\$ -	\$ -	\$ -
Net OPEB obligation (asset)-beginning of year	-	-	-
Net OPEB obligation (asset)-end of year	\$ -	\$ -	\$ -
Percentage of annual OEB cost contributed	100.0%	100.0%	100.0%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspectives of the calculations.

Actuarial Assumptions

Valuation date	10/1/2013	10/1/2012	10/1/2011
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Dollar, Open	Level Dollar, Open	Level Dollar, Open
Amortization period	30 Years	30 Years	30 Years
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
General inflation	3.0%	3.0%	3.0%

Healthcare cost trend rate is assumed to be greater than 3% annually, however is not applicable for purposes of this valuation, since the City's future costs are set at a fixed amount.

The Lewisville OPEB Liability Trust Fund does not issue a separate financial report. Additional information can be found in the Agency and Trust Funds section of the City's Comprehensive Annual Financial Report.

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**FINANCIAL INFORMATION**

**TABLE 13 – CHANGES IN NET ASSETS**

	Governmental Activities				
	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
<u>Revenues:</u>					
Program Revenues:					
Charges for Service	\$ 13,824,396	\$ 13,124,152	\$ 11,965,843	\$ 12,592,913	\$ 11,660,120
Operating Grants and Contributions	3,439,677	2,415,909	2,497,973	2,190,754	2,228,626
Capital Grants and Contributions	23,980,160	4,745,018	15,109,861	3,579,450	11,183,861
General Revenues:					
Property Taxes	31,594,277	29,734,268	28,968,709	27,921,537	29,084,416
Other Taxes	38,961,880	36,531,801	31,075,385	26,851,578	26,259,286
Intergovernmental	-	624,125	-	-	-
Interest on Investments	371,766	210,934	365,045	459,600	526,984
Other	1,244,947	820,768	405,166	1,080,654	285,811
Total Revenues	<u>\$ 113,417,103</u>	<u>\$ 88,206,975</u>	<u>\$ 90,387,982</u>	<u>\$ 74,676,486</u>	<u>\$ 81,229,104</u>
<u>Expenditures:</u>					
General Government	\$ 14,937,012	\$ 13,005,019	\$ 11,987,014	\$ 10,997,464	\$ 10,760,134
Public Safety	42,102,487	40,983,264	9,487,780	9,585,769	9,299,504
Public Services	26,636,252	25,089,041	39,275,855	38,558,345	37,628,477
Culture, Parks & Recreation	9,453,483	9,377,831	25,527,286	24,634,802	22,404,173
Interest on Long-Term Debt	3,929,397	2,602,891	2,666,807	2,603,426	2,753,821
Total Expenses	<u>\$ 97,058,631</u>	<u>\$ 91,058,046</u>	<u>\$ 88,944,742</u>	<u>\$ 86,379,806</u>	<u>\$ 82,846,109</u>
Transfers	\$ 3,814,737	\$ 3,735,515	\$ 3,985,048	\$ 3,924,530	\$ 3,260,894
Increase (Decrease) in Net Assets	20,173,209	884,444	5,428,288	(7,778,790)	1,643,889
Beginning Net Assets	359,594,793	358,710,349	353,282,061	361,060,851	359,416,962
Prior Period Adjustment	(628,035)	-	-	-	-
Ending Net Assets	<u>\$ 379,139,967</u>	<u>\$ 359,594,793</u>	<u>\$ 358,710,349</u>	<u>\$ 353,282,061</u>	<u>\$ 361,060,851</u>

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**TABLE 13A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

	Fiscal Years Ended September 30,				
	2014	2013	2012	2011	2010
<u>Revenues:</u>					
Property & Other Taxes	\$ 53,801,074	\$ 50,753,584	\$ 47,885,587	\$ 45,475,116	\$ 45,983,524
Licenses and Permits	2,344,395	2,375,771	1,741,153	2,210,218	1,894,107
Charges for Services	6,228,323	6,051,283	5,680,893	5,543,470	5,522,540
Recreation	1,104,643	1,093,266	1,097,600	1,106,993	1,104,199
Fine and Forfeitures	3,090,645	2,954,961	2,874,525	2,752,316	2,946,204
Investment Earnings	77,542	48,905	92,756	113,628	76,820
Miscellaneous	1,071,867	882,124	577,259	525,307	470,971
Total Revenues	<u>\$ 67,718,489</u>	<u>\$ 64,159,894</u>	<u>\$ 59,949,773</u>	<u>\$ 57,727,048</u>	<u>\$ 57,998,365</u>
<u>Expenditures:</u>					
General Government	\$ 1,206,261	\$ 1,037,537	\$ 773,798	\$ 812,759	\$ 881,614
Mayor and Council	81,273	58,749	61,180	53,592	53,024
Administrative and Legal	2,299,893	2,137,540	2,121,269	2,256,040	2,230,548
Community Relations / Tourism	814,659	734,229	655,259	595,806	499,842
Police	20,234,248	19,461,171	19,308,354	18,560,759	18,273,679
Fire	16,632,033	16,110,146	15,645,706	15,048,873	14,809,499
Public Services	4,621,054	4,311,378	4,079,005	4,186,316	4,163,473
Parks and Leisure	6,178,955	5,971,888	5,923,550	5,893,223	5,798,718
Community Development	5,558,049	5,124,103	4,922,007	4,722,496	4,905,578
Finance	1,281,225	1,274,041	1,256,264	1,258,681	1,211,778
Human Resources	728,779	700,099	681,970	681,627	710,234
Information Technology	2,017,243	1,966,765	2,011,503	1,927,474	1,851,128
Municipal Court	903,904	878,494	874,779	829,641	815,771
Capital Outlay	2,702,316	631,755	99,436	11,265	34,995
Total Expenditures	<u>\$ 65,259,892</u>	<u>\$ 60,397,895</u>	<u>\$ 58,414,080</u>	<u>\$ 56,838,552</u>	<u>\$ 56,239,881</u>
Total Other Financing Sources (Uses)-Net	<u>\$ (2,306,314)</u>	<u>\$ (3,343,568)</u>	<u>\$ 217,115</u>	<u>\$ 1,663,203</u>	<u>\$ (6,998,510)</u>
Excess (Deficiency) of					
Revenues Over					
Expenditures and					
Other Sources (Uses)	\$ 152,283	\$ 418,431	\$ 1,752,808	\$ 2,551,699	\$ (5,240,026)
Beginning Fund Balance	<u>31,491,278</u>	<u>31,072,847</u>	<u>29,320,039</u>	<u>26,768,340</u>	<u>32,008,366</u>
Ending Fund Balance	<u>\$ 31,643,561</u>	<u>\$ 31,491,278</u>	<u>\$ 31,072,847</u>	<u>\$ 29,320,039</u>	<u>\$ 26,768,340</u>

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**TABLE 14 - MUNICIPAL SALES TAX HISTORY <sup>(1)</sup>**

The City has adopted the Municipal Sales and Use Tax Act, Chapter 321, Tax Code, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Bonds. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts of the State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly. At an election held September 14, 2002, voters in the City approved the imposition of an additional sales and use tax of one-quarter of one percent (0.25%) for parks and library purposes. The tax went into effect January 1, 2003, and collections began in March, 2003. Said additional sales tax is collected solely for the benefit of a nonprofit corporation established by the City to administer the sales tax collections and projects and may be pledged to secure payment of sales tax revenue bond issues. At an election held November 8, 2011, voters in the City approved the imposition of an additional sales and use tax of one-eighth of one percent (.125%) for a crime control and prevention district and an additional sales and use tax of one-eighth of one percent (.125%) for a fire control, prevention and emergency medical services district. These taxes went into effect April 1, 2012, and collections began June 2012. Said additional sales taxes are to be collected solely for the benefit of these two districts established by the City and may be pledged to secure payments of sales tax revenue bond issues.

Fiscal Year Ended 9/30	Total 1% City Collected <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2011	\$ 18,609,373	65.92%	\$ 0.3062	\$ 195.09
2012	20,272,196	70.08%	0.3233	211.17
2013	22,178,339	74.05%	0.3427	226.63
2014	23,504,086	73.81%	0.3419	239.03
2015	12,751,228 <sup>(2)</sup>	37.26%	0.1727	128.39

(1) Does not include ¼% sales tax for 4B Economic Development Corporation effective 1/01/03 and does not include ¼% sales tax for the Lewisville Crime Control and Prevention and Lewisville Fire Control, Prevention, and Emergency Medical Services Districts effective April 1, 2012.

(2) Collections through May 13, 2015.

**FINANCIAL POLICIES**

Basis of Accounting . . . The City's accounting records of the governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the accounting period in which they are available and measurable. Expenditures are recognized in the accounting period in which the fund liability occurred, if measurable, except for unmatured interest on general long-term debt.

Proprietary Fund revenues and expenses are recognized on the full accrual basis. Revenues are recognized in the accounting period in which they are earned. Expenses are recognized in the accounting period in which they are incurred.

Fund Balances . . . It is the City's policy that all funds with outstanding long-term debt will maintain working capital resources at a minimum of 15% of operating expenditure budget.

Use of Bond Proceeds . . . The City's policy is to use bonds for capital expenditures only. Such revenues are never to be used to fund normal City operations.

Budgetary Procedures . . . The City operates on an October through September fiscal year. Each year in July, the City Manager submits a budget of estimated revenues and expenditures to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with their direction of the City. Various public hearings may be held to comply with state and local statutes. The City Council will adopt a budget prior to the start of the fiscal year. If the Council fails to adopt a budget then the existing budget will continue to be in effect.

During the fiscal year, budgetary control is maintained by verification of appropriation availability prior to all purchases. Actual operations are compared to the amounts set forth in the budget. Departmental appropriations that have not been expended lapse at the end of the fiscal year. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

## INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council. Both state law and the City investment policies are subject to change.

**LEGAL INVESTMENTS . . .** Under State law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits; or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less; (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency; (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share; and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

**INVESTMENT POLICIES . . .** Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

**ADDITIONAL PROVISIONS . . .** Under State law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt an order or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said order or resolution; (3) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict its investment in mutual funds in the aggregate to no more than 15percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; and (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (10) at least annually review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

**TABLE 15 - CURRENT INVESTMENTS**

As of March 31, 2015, the City's investable funds were invested in the following categories:

Description	Market Value	% of Portfolio	Book Value	% of Portfolio
TexPool	\$ 13,464,346	7.90%	\$ 13,464,346	7.90%
Governmental Securities	157,038,848	92.10%	156,972,044	92.10%
Total	<u>\$170,503,194</u>	<u>100.00%</u>	<u>\$170,436,390</u>	<u>100.00%</u>

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## **TAX MATTERS**

**TAX EXEMPTION** . . . In the opinion of Bracewell & Giuliani LLP, Bond Counsel, under existing law, (i) interest on the Bonds is excludable from gross income for federal income tax purposes, and (ii) the Bonds are not "private activity bonds" under the Internal Revenue Code of 1986, as amended (the "Code"), and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the "Service"). The City has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel's opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the City, the City's Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the City, the City's Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. Bond Counsel will further rely on the report (the "Report") of Grant Thornton, LLP, certified public accountants, regarding the mathematical accuracy of certain computations. If the City should fail to comply with the covenants in the Ordinance or if the foregoing representations or Report should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

The Code also imposes a 20% alternative minimum tax on the "alternative minimum taxable income" of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation's regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT or REMIC), includes 75% of the amount by which its "adjusted current earnings" exceeds its other "alternative minimum taxable income." Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

Except as stated above, Bond Counsel will 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 Bonds.

Bond Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel's knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel's opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel's legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems 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 are 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 Bonds. If an audit is commenced, in accordance with its current published procedures, the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

### **ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS**

**COLLATERAL TAX CONSEQUENCES** . . . Prospective purchasers of the Bonds 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 taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income 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 Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

**TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE PREMIUM . . .** The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

**TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT BONDS . . .** The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the captions TAX MATTERS – Tax Exemption," TAX MATTERS - Additional Federal Income Tax Considerations - Collateral Tax Consequences" and "TAX MATTERS - Tax Legislative Changes" generally applies, and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriters has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

**TAX LEGISLATIVE CHANGES . . .** Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

## CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at [www.emma.msrb.org](http://www.emma.msrb.org) <<http://www.emma.msrb.org/>>.

**ANNUAL REPORTS . . .** The City will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and in Appendix B. The City will update and provide the information in Tables 1 through 6 and 8 through 15 within six months after the end of each fiscal year ending in and after 2015. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2015. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC"). While the City will not be obligated to provide financial statements until twelve months after fiscal year end, it intends to attempt to do so within six months after year end.

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

**CERTAIN EVENT NOTICES . . .** The City shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) Principal and interest payment delinquencies; (2) Non-payment related defaults, if material; (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (5) Substitution of credit or liquidity providers, or their failure to perform; (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) Defeasances; (10) Release, substitution, or sale of property securing repayment of the Bonds, if material; (11) Rating changes; (12) Bankruptcy, insolvency, receivership or similar event of the City; (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 a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

For these purposes, any event described in the immediately preceding clause (12) 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 United States 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 of business of the City.

**AVAILABILITY OF INFORMATION . . .** All information and documentation filings required to be made by the City in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided by the MSRB, without charge to the general public, at [www.emma.msrb.org](http://www.emma.msrb.org).

**LIMITATIONS AND AMENDMENTS . . .** The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein 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 Bonds consent to the 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 Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

**COMPLIANCE WITH PRIOR UNDERTAKINGS . . .** During the last five years, the City has complied in all material respects with its continuing disclosure agreements made by it with respect to bonds and obligations issued by the City and (i) payable from a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) secured by a first lien on and pledge of the net revenues of the City's Waterworks and Sewer System, in accordance with SEC Rule 15c2-12.

Additionally, the City entered into certain undertakings under SEC Rule 15c2-12 with respect to obligations issued by the City for the benefit of Lewisville Castle Hills Public Improvement District No. 5, Lewisville Castle Hills Public Improvement District No. 6 and Lewisville Castle Hills Public Improvement District No. 7 (collectively, the "Castle Hills Districts"). In those undertakings, the City undertook to provide financial and operating information relating to the Castle Hills Districts and the developer of the Castle Hills Districts that was provided to the City by the Castle Hills Districts. In 2015, the Castle Hills Districts failed to provide such financial and operating information to the City in time for the City to file such information with the EMMA system within the required time frame. Such information was subsequently filed approximately three months late.

The City has previously engaged First Southwest Company to provide continuing disclosure services related to debt issued as described in (i) and (ii) above. The City and the Castle Hills Districts will engage First Southwest to provide continuing disclosure services related to debt issued for the benefit of the Castle Hills Districts.

## **OTHER INFORMATION**

### **RATINGS**

The presently outstanding tax-supported debt of the City is rated "AAA" by S&P and "AAA" by Fitch, in each case without regard to credit enhancement. Application has been made to S&P and Fitch for contract ratings on the Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by any or all of such rating companies, if in the judgment of any or all companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, by any rating company, may have an adverse effect on the market price of the Bonds.

### **LITIGATION**

It is the opinion of the City Attorney that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

### **REGISTRATION AND QUALIFICATION OF BONDS FOR SALE**

The sale of the Bonds has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the Securities and Exchange Commission, nor has the United States Securities and Exchange Commission passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

## **LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS**

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

## **LEGAL MATTERS**

The City will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law and the Bonds are not private activity bonds, subject to the matters described under "TAX MATTERS" herein. A form of such opinion is attached as Exhibit C. Bond Counsel was engaged by, and only represents, the City. Bond Counsel was not requested to participate and did not take part in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained herein except that in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds and the Ordinance under the captions "PLAN OF FINANCING" (except under the subcaption "Sources and Uses of Bond Proceeds"), "THE BONDS" (exclusive of the information under the subcaptions "Book-Entry-Only System," "Bondholders' Remedies" and the last sentence under "Tax Rate Limitation"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (except for the subsection "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Bonds for Sale," "Legal Matters" (except for the second paragraph thereof) and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "OTHER INFORMATION" to confirm that the information relating to the Bonds and the Ordinance contained under such captions and subcaptions fairly and accurately describes the provisions thereof.

The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Bonds is contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC, or its successor, or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, Counsel to the Underwriters, whose legal fee is contingent on the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION**

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

## **VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS**

Grant Thornton LLP, a firm of independent public accountants, will deliver to the City, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Federal Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Obligations and (b) the mathematical computations of yield used

by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes. Such verification will be relied upon by Bond Counsel in rendering its opinions with respect to the exclusion from gross income of interest on the Bonds for federal income tax purposes and with respect to defeasance of the Refunded Obligations.

The verification performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by First Southwest Company, LLC on behalf of the City. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by First Southwest Company, LLC on behalf of the City and has not evaluated or examined the assumptions or information used in the computations.

#### **UNDERWRITING**

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at a price equal to the initial offering price to the public less an underwriting discount of \$\_\_\_\_\_. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy of or completeness of such information.

#### **FINANCIAL ADVISOR**

First Southwest Company, LLC is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, LLC waives the right to submit a bid for the Bonds, either independently or as a member of a syndicate organized to submit a bid for the Bonds. First Southwest Company, LLC, in its capacity as Financial Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

#### **FORWARD-LOOKING STATEMENTS DISCLAIMER**

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

**MISCELLANEOUS**

The Ordinance authorizing the issuance of the Bonds will approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriters.

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Mayor  
City of Lewisville, Texas

ATTEST:

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City Secretary

## SCHEDULE OF REFUNDED OBLIGATIONS\*

**General Obligation Refunding and Improvement Bonds, Series  
2005**

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
4/15/2005	2/15/2016	5.000%	\$ 1,030,000
	2/15/2017	4.000%	365,000
	2/15/2018	4.000%	380,000
	2/15/2019	4.300%	395,000
	2/15/2020	4.300%	410,000
	2/15/2021	4.375%	430,000
			<u>\$ 3,010,000</u>

The 2016 – 2021 maturities will be redeemed prior to original maturity on August 25, 2015 at par.

**General Obligation Bonds, Series 2006**

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
5/15/2008	2/15/2017	4.300%	\$ 470,000
	2/15/2018	4.375%	495,000
	2/15/2019	4.500%	515,000
	2/15/2020	5.000%	540,000
	2/15/2021	5.000%	570,000
	2/15/2022	5.000%	595,000
			<u>\$ 3,185,000</u>

The 2017 – 2022 maturities will be redeemed prior to original maturity on February 15, 2016 at par.

**Combination Tax and Revenue Certificates of Obligation,  
Series 2007A**

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
5/15/2007	2/15/2030 <sup>(1)</sup>	5.000%	\$ 5,795,000
	2/15/2032 <sup>(1)</sup>	4.500%	2,340,000
			<u>\$ 8,135,000</u>

The 2030 and 2032 maturities will be redeemed prior to original maturity on February 15, 2017 at par.

**Combination Tax and Revenue Certificates of Obligation,  
Series 2007B**

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount</u>
5/15/2007	2/15/2022	4.300%	595,000
	2/15/2023	4.350%	660,000
	2/15/2025 <sup>(1)</sup>	4.375%	1,535,000
	2/15/2027 <sup>(1)</sup>	5.000%	1,870,000
			<u>\$ 4,660,000</u>

The 2022 – 2023, 2025 and 2027 maturities will be redeemed prior to original maturity on February 15, 2017 at par.

(1) Represents a Term Bond.

\* Preliminary, subject to change.

**General Obligation Refunding and Improvement Bonds, Series  
2007**

Original Dated Date	Original Maturity Date	Interest Rates	Amount
5/15/2007	2/15/2021 <sup>(1)</sup>	5.000%	\$ 2,100,000
	2/15/2023 <sup>(1)</sup>	5.000%	2,320,000
			<u>\$ 4,420,000</u>

**The 2021 and 2023 maturities will be redeemed prior to original maturity on February 15, 2017 at par.**

(1) Represents a Term Bond.

\* Preliminary, subject to change.

**CASTLE HILLS PUBLIC IMPROVEMENT DISTRICT**

- 1) Does not include the City's currently outstanding \$7,160,000 Combination Contract Revenue and Special Assessment Refunding and Capital Improvement Bonds, Series 1998, as these bonds are special limited obligations of the City payable from certain contract revenues paid by Denton County Fresh Water Supply District #1-B. The contract revenues are payable from the proceeds of continuing, direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the District. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Public Improvement District. The special assessment revenues are collected only to the extent that contract revenues are insufficient to make payments on these bonds in any given calendar year. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 2) Does not include the City's currently outstanding \$1,450,000 Combination Contract Revenue and Special Assessment Bonds, Series 2002, as these bonds are special limited obligations of the City payable from certain contract revenues paid by Denton County Fresh Water Supply District #1-D. The contract revenues are payable from the proceeds of continuing, direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Capital Improvement District #1-D. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Improvement District #1-D. The special assessment revenues are collected only to the extent that contract revenues are insufficient to make payments on these bonds in any given calendar year. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 3) Does not include the City's currently outstanding \$16,235,000 Combination Contract Revenue and Special Assessment Capital Improvement Bonds, Series 2008, as these bonds are special limited obligations of the City payable from certain contract and special assessment revenues paid by Denton County Fresh Water Supply District #1-F. For this issue, no more than 90% of the principal and interest payment on the bonds is from ad valorem taxes (contract revenues) and no less than 10% is payable from special assessment revenues and subject to special mandatory redemption prior to maturity. The contract revenues are payable from the proceeds of continuing direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Capital Improvement District #1-F. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Capital Improvement District #1-F. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 4) Does not include the City's currently outstanding \$2,840,000 Combination Contract Revenue and Special Assessment Refunding and Utility System Bonds, Series 2011, as these bonds are special limited obligations of the City payable from certain contract revenues paid by Denton County Fresh Water Supply District #1-E. The contract revenues are payable from the proceeds of continuing, direct ad-valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Public Improvement District #1-E. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Public Improvement District #1-E. The special assessment revenues are collected only to the extent that the contract revenues are insufficient to make payment on these bonds in any given year. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 5) Does not include the City's currently outstanding \$2,965,000 Combination Contract Revenue and Special Assessment and Utility System Bonds, Series 2011, as these bonds are special limited obligations of the City payable from certain contract revenues paid by Denton County Fresh Water Supply District #1-F. The contract revenues are payable from the proceeds of continuing, direct ad-valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Public Improvement District #1-F. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Public Improvement District #1-F. The special assessment revenues are collected only to the extent that the contract revenues are insufficient to make payment on these bonds in any given year. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 6) Does not include the City's currently outstanding \$5,355,000 Combination Contract Revenue and Special Assessment Road System Bonds, Series 2011, as these bonds are special limited obligations of the City payable from certain contract revenues paid by Denton County Fresh Water Supply District #1-F. The contract revenues are payable from the proceeds of continuing, direct ad-valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Public Improvement District #1-F. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Public Improvement District #1-F. The special assessment revenues are collected only to the extent that the contract revenues are insufficient to make payment on these bonds in any given year. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.

- 7) Does not include the City's currently outstanding \$13,795,000 Combination Contract Revenue and Special Assessment Refunding Bonds, Series 2013, as these bonds are special limited obligations of the City payable from certain contract revenues paid by Denton County Fresh Water Supply District #1-D. The contract revenues are payable from the proceeds of continuing, direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Capital Improvement District #1-D. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Improvement District #1-D. The special assessment revenues are collected only to the extent that contract revenues are insufficient to make payments on these bonds in any given calendar year. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 8) Does not include the City's currently outstanding \$3,255,000 Combination Contract Revenue and Special Assessment Utility System Bonds, Series 2014, as these bonds are special limited obligations of the City payable from certain contract and special assessment revenues paid by Denton County Fresh Water Supply District #1-G. For this issue, no more than 99% of the principal and interest payment on the bonds is from ad valorem taxes (contract revenues) and no less than 1% is payable from special assessment revenues and subject to special mandatory redemption prior to maturity. The contract revenues are payable from the proceeds of continuing direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Capital Improvement District #1-G. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Capital Improvement District #1-G. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 9) Does not include the City's currently outstanding \$4,495,000 Combination Contract Revenue and Special Assessment Road System Bonds, Series 2014, as these bonds are special limited obligations of the City payable from certain contract and special assessment revenues paid by Denton County Fresh Water Supply District #1-G. For this issue, no more than 99% of the principal and interest payment on the bonds is from ad valorem taxes (contract revenues) and no less than 1% is payable from special assessment revenues and subject to special mandatory redemption prior to maturity. The contract revenues are payable from the proceeds of continuing direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Capital Improvement District #1-G. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Capital Improvement District #1-G. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 10) Does not include the City's currently outstanding \$1,360,000 Combination Contract Revenue and Special Assessment Utility System Bonds, Series 2014, as these bonds are special limited obligations of the City payable from certain contract and special assessment revenues paid by Denton County Fresh Water Supply District #1-C. For this issue, no more than 99% of the principal and interest payment on the bonds is from ad valorem taxes (contract revenues) and no less than 1% is payable from special assessment revenues and subject to special mandatory redemption prior to maturity. The contract revenues are payable from the proceeds of continuing direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Capital Improvement District #1-C. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Capital Improvement District #1-C. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 11) Does not include the City's currently outstanding \$1,405,000 Combination Contract Revenue and Special Assessment Road System Bonds, Series 2014, as these bonds are special limited obligations of the City payable from certain contract and special assessment revenues paid by Denton County Fresh Water Supply District #1-C. For this issue, no more than 99% of the principal and interest payment on the bonds is from ad valorem taxes (contract revenues) and no less than 1% is payable from special assessment revenues and subject to special mandatory redemption prior to maturity. The contract revenues are payable from the proceeds of continuing direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Capital Improvement District #1-C. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Capital Improvement District #1-C. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 12) Does not include the City's currently outstanding \$3,680,000 Combination Contract Revenue and Special Assessment Utility System Bonds, Series 2014, as these bonds are special limited obligations of the City payable from certain contract and special assessment revenues paid by Denton County Fresh Water Supply District #1-F. The contract revenues are payable from the proceeds of continuing, direct ad-valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Public Improvement District #1-F. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Public Improvement District #1-F. The special assessment revenues are collected only to the extent that the contract revenues are insufficient to make payment on these bonds in any given year. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.

- 13) Does not include the City's currently outstanding \$7,310,000 Combination Contract Revenue and Special Assessment Utility System Bonds, Series 2014, as these bonds are special limited obligations of the City payable from certain contract and special assessment revenues paid by Denton County Fresh Water Supply District #1-H. For this issue, no more than 99% of the principal and interest payment on the bonds is from ad valorem taxes (contract revenues) and no less than 1% is payable from special assessment revenues and subject to special mandatory redemption prior to maturity. The contract revenues are payable from the proceeds of continuing direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Capital Improvement District #1-H. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Capital Improvement District #1-H. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 14) Does not include the City's currently outstanding \$1,200,000 Combination Contract Revenue and Special Assessment Road System Bonds, Series 2014, as these bonds are special limited obligations of the City payable from certain contract and special assessment revenues paid by Denton County Fresh Water Supply District #1-H. For this issue, no more than 99% of the principal and interest payment on the bonds is from ad valorem taxes (contract revenues) and no less than 1% is payable from special assessment revenues and subject to special mandatory redemption prior to maturity. The contract revenues are payable from the proceeds of continuing direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Capital Improvement District #1-H. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Capital Improvement District #1-H. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 15) Does not include the City's currently outstanding \$4,580,000 Combination Contract Revenue and Special Assessment Refunding and Capital Improvement Bonds, Series 2015, as these bonds are special limited obligations of the City payable from certain contract revenues paid by Denton County Fresh Water Supply District #1-B. The contract revenues are payable from the proceeds of continuing, direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the District. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Public Improvement District. The special assessment revenues are collected only to the extent that contract revenues are insufficient to make payments on these bonds in any given calendar year. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 16) Does not include the City's currently outstanding \$19,535,000 Combination Contract Revenue and Special Assessment Refunding Bonds, Series 2015, as these bonds are special limited obligations of the City payable from certain contract revenues paid by Denton County Fresh Water Supply District #1-E. The contract revenues are payable from the proceeds of continuing, direct ad-valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Public Improvement District #1-E. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Public Improvement District #1-E. The special assessment revenues are collected only to the extent that the contract revenues are insufficient to make payment on these bonds in any given year. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.
- 17) Does not include the City's currently outstanding \$8,490,000 Combination Contract Revenue and Special Assessment Refunding Bonds, Series 2015, as these bonds are special limited obligations of the City payable from certain contract revenues paid by Denton County Fresh Water Supply District #1-D. The contract revenues are payable from the proceeds of continuing direct ad valorem taxes, without legal limitation as to rate or amount, levied against all taxable property within the Lewisville-Castle Hills Capital Improvement District #1-D. These bonds are further payable and secured by a pledge of and lien on certain special assessment revenues levied against benefited property within the Castle Hills Capital Improvement District #1-D. The special assessment revenues are collected only to the extent that contract revenues are insufficient to make payments on these bonds in any given calendar year. These bonds are not secured by and are not payable from ad valorem taxes levied by the City.

**APPENDIX A**

GENERAL INFORMATION REGARDING THE CITY

## THE CITY

The City of Lewisville was incorporated in 1925. The current charter was adopted in 1963 and amended as recently as 2004. Lewisville is a home-rule city and operates under the Council-Manager form of government. The City Council is comprised of the Mayor and five members and is responsible for enacting ordinances, resolutions and regulations governing the City. In addition, the City Council appoints the members of various boards and commissions, the City Manager, City Attorney, City Judge, and City Secretary. As chief administrative officer, the City Manager is responsible for implementing Council policies, overseeing municipal operation, and appointing and supervising the various department directors.

The City provides the full range of municipal services as authorized by statute or charter. This includes public safety (police and fire), streets, water and sewer utilities, sanitation, health and social services, parks and leisure services, public improvements, community development with planning and zoning, tourism and general administrative services.

The following list includes the major employers in the City:

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total City Employment</u>
JP Morgan Chase	4,350	7.55%
Lewisville Independent School District (Lewisville employment only)	2,087	3.62%
Vista Ridge Mall (all outlets)	1,980	3.44%
Nationstar Mortgage	1,440	2.50%
Wal-Mart (all City locations)	850	1.48%
Medical Center of Lewisville	780	1.35%
Xerox Corporation	755	1.31%
City of Lewisville	733	1.27%
Ally Financial	719	1.25%
Orthofix	596	1.03%
Total	<u>14,290</u>	<u>24.80%</u>

Source: City of Lewisville Economic Development and Budget Departments, Texas Workforce Commission and North Central Texas Council of Governments.

## ECONOMIC CONDITIONS AND OUTLOOK

The City of Lewisville continues to experience positive annual population and new commercial growth. Between the years 2000 to 2010, Lewisville's population increased by 22.6% from 77,737 to 95,290 per the official Census data of 2010. The current population estimate from the North Central Texas Council of Governments (NCTCOG) is 99,313. As Lewisville is primarily developed with little vacant land, the City has gained a tremendous number of infill development and redevelopment projects that has aided in the rejuvenation of the City's old housing stock. Estimates are for residential population to be approximately 111,000 at the time of build-out around 2030. Lewisville's daytime population is expected to exceed its residential population by 2030 due to the large number of employers located in Lewisville. With Lewisville's continued pro-business policies, the City maintains its economic prosperity. Highlights include:

- Majestic Airport Center is another master-planned business park with over 160 acres that will total more than 3 million square feet of Class A warehouse and distribution facilities. Phase I is complete, which includes DFW's first 1 million square foot speculative industrial building. Kellogg relocated their southwest regional distribution facility to Majestic Airport Center in 2012, occupying 1 million square feet and creating 300 new jobs. Jafra Cosmetics, Cabin Innovations, Hagemeyer North America Inc., Sonexus Health, and Ranger Air Aviation currently occupy the development, taking advantage of the Foreign Trade Zones and Triple Freeport exemption in place. Essilor of America is the newest addition to the Majestic Airport Center occupying 169,000 square feet with 90 employees. In addition, construction of a new 1.1 million square foot warehouse/flex space facility was completed in 2014 and is ready for occupancy. Planning is underway for an additional three (3) new mid-sized flex industrial buildings ranging from 250,000 to 400,000 square feet and will start construction in 2015.
- Industrial Developments International completed the 529,155 square foot Valley Parkway Distribution Center in 2013. The warehouse and distribution facility, located at the corner of Valley Parkway and Ace Lane, is being

marketed for occupancy.

- Two new buildings totaling 400,000 square feet for warehouse/distribution facilities are currently under construction at Lakepointe Crossing on SH-121.

Revitalization of aging shopping centers has become a priority in Lewisville with three centers currently redeveloped or under construction.

- Birmingham Management completed their five million dollar revitalization of Lewisville West shopping center that included new architecture and tenants.
- Winco, a new grocery store, is expanding in Texas and chose Lewisville as one of their limited Metroplex locations. Old Orchard Village East shopping center is getting a facelift along with this new tenant. The project is under construction and is expected to be completed in the 2nd quarter of 2015. Project investment is estimated to be \$16 million.
- Vista Ridge Village shopping center has re-branded itself with new tenants adding 76,188 square feet of new retail including Shoe Carnival, Total Wine & More, Hobby Lobby, and Tuesday Morning.
- Other major retail additions to Lewisville in the past year have been Gander Mountain and Burke's Outlet.

## **MAJOR INITIATIVES**

**Lewisville 2025 Vision**—The Lewisville 2025 Vision Plan commenced in March of 2013 on the heels of the City's 100<sup>th</sup> birthday in 2025 to establish a course for creating a community reflective of citizens values and aspirations. Public input and discussion garnered hundreds of ideas and suggestions from all stakeholders in the City. The planning project successfully ended with the adoption of the plan in June 2014 providing the City with a road map for future growth, prioritizing projects and strategies for action for the next 10 years.

**Major Roadway Projects** - Construction is ongoing on the Interstate Highway 35E expansion. The project will widen the interstate from 10 to 16 lanes between I-635 and US Highway 380. The expansion will include free lanes, managed/tolled lanes, and additional new frontage lanes. The City completed a two year project for a Corridor Redevelopment Plan to guide public improvements, private developments, business retention, and new business recruitment along the corridor. An extension of the plan, the I-35 Branding Plan, was developed to create aesthetic treatments and non-vehicular travel options at highly visible overpasses and underpasses.

The City also started design on two major thoroughfares to provide maximum connectivity in the City. Corporate Drive and Valley Ridge Boulevard will provide additional means of access to businesses and residents. Both projects were part of a funding partnership with Denton County.

**Brownfield Development** - Lewisville completed its first Brownfield program which was funded by a \$400,000 grant from the Environmental Protection Agency. The funds were used for 22 site assessments which aided in redevelopment efforts for several highly visible projects including a major shopping center renovation and an old shopping center demolition to make room for a new mixed use development in Old Town.

**Residential Growth** – The City issued 175 new building permits for single-family residences this year. A significant number of new residential subdivisions are underway in Lewisville including a 156 acre annexation of land into the City for a master planned community. The Castle Hills Fresh Water Districts also continue to grow in the City's extraterritorial jurisdiction. Other project of interest include:

- Highpoint Oak Estates has broken ground on an 85 unit single-family detached project on the southwest corner of Vista Ridge Mall Drive and Denton Tap Road. Home prices will start in the \$300,000 range.
- The Hills of Vista Ridge has broken ground on a 124 unit single-family development, with 72 unites on the northeast corner of Oakbend and Vista Ridge Mall Drive, and 52 units on the southeast corner of Oakbend and Vista Ridge Mall Drive.
- Ground work has begun to prepare the site for South Village, a 75 unit development in Old Town, south of Main Street, between Charles and Mill.
- Construction has begun on Wyndale Meadows, a 105 unit single-family development along FM 544 in east Lewisville.
- Work is underway on Crescent Estates, a 62 unit single-family development along Summit Lane.
- Plans have been approved for the 132 unit single-family development by DR Horton, called Verona, located on the north side of FM 407 next to McGee Lane.

- The City of Lewisville recently annexed property on the east and west side of Josey Lane, south of SH 121 and north of FM 544. The property had previously been a part of the Town of Hebron. A total of 156 acres were annexed for a new single-family master planned development called Lakewood Hills. It is anticipated that up to 526 new single-family homes will be constructed on the site, with the development occurring on both sides of the east and west sides of Josey Lane.

**EDUCATION**

The Lewisville Independent School District (“LISD”) encompasses 13 communities and 127 square miles. LISD presently has 41 elementary schools, 15 middle schools, five high schools, five ninth and tenth grade campuses, two career centers, two learning centers, and a night high school. All LISD campuses received the “Met Standard” accountability rating by the Texas Education Agency. LISD also has six National Blue Ribbon Schools of Excellence, which is the highest designation a school can earn by the United States Department of Education. Serving more than 50,000 students, enrollment trends averaged 5% annual growth during the decade of fiscal year 1997 to 2007. Enrollment trends moderated given the recession and the districts maturing nature and has grown at about 1% annually over the last five fiscal years 2010 to 2015. The district expects continued growth between 250-300 new students annually until 2024.

<u>School Year</u>	<u>School Enrollment District Wide</u>
2002-03	42,922
2003-04	43,815
2004-05	45,335
2005-06	47,317
2006-07	48,890
2007-08	49,449
2008-09	50,038
2009-10	50,664
2010-11	51,298
2011-12	51,782
2012-13	52,314

**BUILDING PERMIT VALUES**

<u>Fiscal Year</u>	<u>Commercial</u>		<u>Residential</u>		<u>Other <sup>(2)</sup></u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
2011	211	\$ 210,975,650	184	\$ 15,631,885	417	\$ 2,663,612
2012	161	51,528,426	176	18,602,597	389	2,079,812
2013	166	61,598,837	340	32,552,007	458	2,485,927
2014	153	49,608,616	229	20,252,230	443	2,421,327
2015 <sup>(1)</sup>	66	53,609,321	156	27,012,437	101	1,724,300

(1) As of March 31, 2015.

(2) This section represents miscellaneous commercial and residential non-building permits that include, but are not limited to, demolitions, relocations, swimming pools, and fences.

**APPENDIX B**

EXCERPTS FROM THE  
CITY OF LEWISVILLE, TEXAS  
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2014

The information contained in this Appendix consists of excerpts from the City of Lewisville, Texas Comprehensive Annual Financial Report for the Year Ended September 30, 2014, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

**APPENDIX C**

FORM OF BOND COUNSEL'S OPINION

**Purchase Contract**

\$ \_\_\_\_\_  
City of Lewisville, Texas  
(Denton and Dallas Counties, Texas)  
General Obligation Refunding Bonds, Series 2015

July 20, 2015

Mayor and Members of the City Council  
City of Lewisville, Texas  
151 W. Church Street  
Lewisville, Texas 75057

Ladies and Gentlemen:

The undersigned, Raymond James & Associates, Inc. (the "Representative"), acting on its own behalf and on behalf of Hutchinson, Shockey, Erley & Co. (collectively, the "Underwriters"), offers to enter into the following agreement with the City of Lewisville, Texas (the "Issuer") which, upon the Issuer's written acceptance of this offer (the "Contract"), will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Central time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Contract shall have the same meanings set forth in the Bond Ordinance (as defined herein) or in the Official Statement (as defined herein). The Representative has been duly authorized by the Underwriters to execute this Contract and to act for the Underwriters in all capacities hereunder.

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree, jointly and severally, to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's \$ \_\_\_\_\_ General Obligation Refunding Bonds, Series 2015 (hereinafter referred to as the "Bonds").

Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer acknowledges and agrees that: (i) the transaction described in by this Contract is an arm's length, commercial transaction between the Issuer and the Underwriters in which each Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction described herein and the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter has provided other services or is currently providing other services to the Issuer on other matters); (iii) each Underwriter is acting solely in its capacity as underwriter for its own account, (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction described herein expressly are set forth in this Contract; (v) the Issuer has consulted its own legal, accounting, tax, financial and other advisors, as applicable, to the extent it has deemed appropriate; (vi) the Issuer recognizes that the Underwriters expect to profit from the acquisition and potential distribution of the

Bonds; and (vii) the Underwriters have provided to the Issuer prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board (the "MSRB"), which have been received by the Issuer. The Issuer has engaged a registered municipal advisor to advise it on this transaction and has consulted its own financial, municipal, legal, accounting, tax and/or other advisors, as applicable, to the extent it deems appropriate.

The Bonds are to be issued, secured and sold under the provisions of an ordinance (the "Bond Ordinance") adopted by the City Council of the Issuer on July 20, 2015, and shall have the terms and features (including those with respect to price and rates) as set forth in the Bond Ordinance. The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions, yields and interest rates per annum are set forth in Schedule I attached hereto. The Bonds shall otherwise have such terms and provisions as set forth and described in the Official Statement referred to below.

The purchase price for the Bonds shall be \$\_\_\_\_\_ (representing the principal amount of the Bonds, plus a[n] [net] original issue premium of \$\_\_\_\_\_ and less an underwriting discount of \$\_\_\_\_\_).

Delivered to the Issuer herewith as a good faith deposit is a corporate check of the Representative payable to the order of the Issuer in the amount of \$230,150. In the event the Issuer accepts this Contract, such check shall be held uncashed by the Issuer until the time of Closing (as defined herein), at which time such check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Contract, such check will be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Contract (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Contract, such check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters, and, except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this Contract shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters. Immediately following the Closing, the Issuer shall return the good faith check to the Representative.

2. Public Offering. The Underwriters agree to make a bona fide public offering of all of the Bonds at a price or yield not to exceed the public offering prices or yields set forth on page 2 of the Official Statement and may subsequently change such offering prices or yields without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices or yields lower than the public offering prices or yields stated on page 2 of the Official Statement; provided that on or before the Closing, the Representative shall execute and deliver to Bracewell & Giuliani LLP, Dallas, Texas ("Bond Counsel") an issue price certificate for the Bonds

prepared by Bond Counsel verifying the initial offering prices to the public at which the Underwriters reasonably expected to sell or in fact sold a substantial amount of each stated maturity of the Bonds to the public.

3. The Official Statement.

(a) Preliminary Official Statement. The Issuer previously has delivered, or caused to be delivered, copies of a Preliminary Official Statement, dated [July 13], 2015, relating to the Bonds (the "Preliminary Official Statement"), to the Underwriters for their use in determining interest in the Bonds. The Issuer prepared the Preliminary Official Statement for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby ratifies and approves the use by the Underwriters of the Preliminary Official Statement prior to the date hereof, and until the availability of the final Official Statement, in connection with the public offering of the Bonds. The Issuer hereby represents and warrants that it deemed the Preliminary Official Statement final, within the meaning of Rule 15c2-12 issued by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), as of its date, except for the omission of information specified in Section (b)(1) of the Rule, as permitted by Section (b)(1) of the Rule. The Issuer hereby confirms that it does not object to the distribution of the Preliminary Official Statement in electronic form.

(b) Final Official Statement. The Issuer shall prepare and provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Contract (but, in any event, not later than within seven business days after the Issuer's acceptance of this Contract and in sufficient time to accompany any confirmation that requests payment from any customer) a final Official Statement which is complete as of the date of its delivery to the Underwriters, in such quantity and formats as the Representative shall reasonably request, and in any event in a "designated electronic format" (as defined in MSRB Rule G-32), in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB. Such final Official Statement shall be substantially in form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriters or as shall be permitted by the Rule or the rules of the MSRB. Such final Official Statement, including the cover page, all exhibits, appendices, maps, pictures, diagrams, reports and statements included or incorporated therein or attached thereto, and any amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the "Official Statement." The Issuer hereby authorizes the Underwriters to use the Official Statement and the information contained therein in connection with the public offering and the sale of the Bonds. The Issuer hereby confirms that it does not object to the distribution of the Official Statement in electronic form. If, for any reason, the Issuer is unable or otherwise fails to deliver the final Official Statement to the Underwriters in compliance with this paragraph, the Issuer shall deliver the Preliminary Official Statement, including all amendments and supplements thereto, to the Underwriters in a "designated electronic format" at least one business day before the date of the Closing.

(c) If, after the date of this Contract to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period", as defined in the Rule, and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the

Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriters (and for the purposes of this clause provide the Underwriters with such information as the Representative may from time to time reasonably request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will prepare and furnish, at the Issuer's sole expense, in such quantity and in formats as the Representative shall reasonably request, and in a "designated electronic format", in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB, copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Contract and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(d) The Representative hereby agrees to timely file the Official Statement (and any amendments thereto) with the MSRB in the format prescribed by the MSRB. Unless otherwise notified in writing by the Underwriters, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. Representations, Warranties, and Covenants of the Issuer. The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a body politic and corporate, a home rule municipality and a political subdivision of the State of Texas (the "State") duly created, organized and existing under the laws of the State and the Issuer's home rule charter (the "Charter"), and has full legal right, power and authority pursuant to the Constitution and general laws of the State, including Chapter 1207, Texas Government Code, as amended (the "Act"), and at the date of the Closing will continue to have full legal right, power and authority under the Charter and the Act (i) to adopt the Bond Ordinance, (ii) to enter into, execute and deliver the this Contract, any escrow or deposit agreement pertaining to the discharge of the obligations of the Issuer that are being refunded by the Bonds (the "Escrow Agreement"), and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Contract, the Escrow Agreement and the Bond Ordinance, which contains the Undertaking (as defined in Section 6(i)(2) hereof), are hereinafter referred to as the "Issuer Documents"), (iii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iv) to carry out and consummate the transactions described in the Issuer Documents and the Official Statement, and the Issuer has

complied, and will at the Closing be in compliance, in all material respects with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance of this Contract, the Issuer has duly authorized all necessary action to be taken by it for the (i) adoption of the Bond Ordinance and the issuance and sale of the Bonds, (ii) approval of the Preliminary Official Statement and the Official Statement, (iii) approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents and (iv) consummation by the Issuer of all other transactions described in the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement;

(c) The Bonds and the Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to principles of sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Ordinance and this Contract, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Ordinance and enforceable in accordance with their terms, subject to principles of sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws, and principles of equity relating to or affecting the enforcement of creditors' rights. Upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Ordinance will provide, for the benefit of the holders, from time to time, of the Bonds, for the levy and collection of an annual ad valorem tax, levied within the limits prescribed by law, for the payment of the Bonds;

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or any of its property or assets are, otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or to which any of its property or assets are, otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to

secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Ordinance;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds, have been duly obtained, except for (i) such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds and (ii) the opinion of the Attorney General of the State approving the Bonds as required by law and the registration of the Bonds by the Comptroller of Public Accounts of the State (which approval and registration shall have been duly obtained or effected on or before the date of Closing);

(f) The Bonds and the Bond Ordinance conform to the descriptions thereof contained in the Official Statement under the captions "PLAN OF FINANCING" and "THE BONDS"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the subcaption "PLAN OF FINANCING - Sources and Uses of Bond Proceeds" and will be used for the purposes described in the Official Statement under the subcaption "PLAN OF FINANCING - Purpose"; and the Undertaking (as defined in Section 6(i)(2) hereof) conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION";

(g) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer, (i) contesting the due organization and valid corporate existence of the Issuer or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the levy, assessment and/or collection of taxes pledged to the payment of principal of and interest on the Bonds pursuant to the Bond Ordinance, (iii) contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Ordinance or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Contract) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 3 of this Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Ordinance and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request, at no expense to the Issuer, (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding, the Issuer contained in the Official Statement fairly present the financial position of the Issuer as of the dates and for the periods therein set forth, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and (ii) the other financial information has been determined on a basis substantially consistent with that of the Issuer's audited financial statements included in the Official Statement. Prior to the Closing, the Issuer will not take any action within or under its control that will cause an adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer from that described in the Official Statement. Except as may be described in the Official Statement, the Issuer is not a party to any litigation or other

proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or take action to incur any material liabilities, direct or contingent (except in the ordinary course of business), payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Representative, such approval not to be unreasonably withheld;

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Contract, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein;

(p) The Issuer, to the extent heretofore requested by the Representative in writing, has delivered to the Underwriters true, correct, complete and legible copies of all information, applications, reports or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Bonds and, in each instance, true, correct, complete and legible copies of all correspondence or other communications relating thereto; and

(q) To the best knowledge and belief of the Issuer, the Official Statement contains information, including financial information and operating data, as required by the Rule. During the last five years, the Issuer has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

## 5. Closing.

(a) At 10:00 a.m. Central time, on August 19, 2015, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriters (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the initial Bond to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), as the entity appointed by the Issuer and agreed to by the Underwriters to make delivery of the Bonds, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Paying Agent/Registrar, as the entity appointed by the Issuer and agreed to by the Underwriters to make delivery of the Bonds, will, subject to the terms and conditions hereof, accept such delivery and the Underwriters will pay the purchase price of the Bonds as set forth in Section 1 of this Contract in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent/Registrar, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form shall be made through DTC, utilizing the book-entry-only form of issuance. The definitive Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Ordinance, and shall be made available to the Underwriters at least one business day before the Closing for purposes of inspection at the offices of DTC or, if the Bonds are to be held in safekeeping for DTC by the Paying Agent/Registrar pursuant to DTC's FAST system, at the designated payment

office of the Paying Agent/Registrar. In addition, the Issuer and the Underwriters agree that there shall be a preliminary Closing held at such place as the Issuer and the Underwriters shall mutually agree, commencing at least 24 hours prior to the Closing; provided, however, that such preliminary Closing shall not be required if Bond Counsel provides a complete Transcript of Proceedings acceptable to counsel for the Underwriters at least 24 hours prior to the Closing.

6. Closing Conditions. The Underwriters have entered into this Contract in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Contract to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Underwriters' Counsel to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Bond Ordinance shall have been duly adopted by the governing body of the Issuer in accordance with law and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the Bonds;

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that, in the reasonable judgment of the Representative, is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner described in the Official Statement;

(g) The Issuer shall not currently be in default on the payment of principal or interest on any of its outstanding obligations for borrowed money;

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Contract shall be reasonably satisfactory in legal form and effect to the Representative;

(i) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, and the reports and audits referred to or appearing in the Official Statement;

(2) The Bond Ordinance, with such supplements or amendments as may have been agreed to by the Representative, which shall include an undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule (the "Undertaking");

(3) The approving opinion of Bond Counsel with respect to the Bonds, in substantially the form and substance attached to the Official Statement as Appendix C;

(4) A supplemental opinion of Bond Counsel addressed to the Underwriters, substantially to the effect that:

(i) the Bond Ordinance has been duly adopted by the Issuer and is in full force and effect;

(ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Bond Ordinance under the Trust Indenture Act; and

(iii) such firm was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions "PLAN OF FINANCING" (except under the subcaption "Sources and Uses of Bond Proceeds"), "THE BONDS" (exclusive of the information under the subcaption "Book-Entry-Only System", "Bondholders' Remedies" and the last sentence under "Tax Rate Limitation"), "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (except for the subcaption "Compliance with Prior Undertakings") and the subcaptions

"Registration and Qualification of Bonds for Sale", "Legal Matters" (except for the second paragraph thereof) and "Legal Investments and Eligibility to Secure Public Funds in Texas" under the caption "OTHER INFORMATION", and such firm is of the opinion that the information relating to the Bonds and the Bond Ordinance contained under such captions and subcaptions fairly and accurately describes the provisions thereof.

In addition, such supplemental opinion shall include an opinion to the effect that the Refunded Obligations (as defined in the Official Statement) have been discharged, paid and retired and are regarded as being outstanding only for the purpose of receiving payment from the funds held by the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of the Act, unless such opinion is provided in accordance with the provisions of paragraph 6(i)(3) hereof.

The supplemental opinion of Bond Counsel will also state that the Underwriters are entitled to rely upon the opinion of Bond Counsel delivered in accordance with the provisions of Section 6(i)(3) of this Contract.

(5) An opinion of McCall, Parkhurst & Horton L.L.P., as counsel for the Underwriters, dated the date of the Closing, addressed to the Underwriters, substantially in the form attached hereto as Exhibit A;

(6) A certificate, dated the date of Closing, of an appropriate official of the Issuer, to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding or tax challenge against the Issuer is pending or, to the best of such person's knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents, (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and/or levying and/or collecting ad valorem taxes and making payments on the Bonds pursuant to the Bond Ordinance, or contest the pledge of ad valorem taxes to the payment of the principal of and interest on the Bonds, (e) contest the accuracy, completeness or the fairness of the Preliminary Official Statement or the Official State or (f) contest the redemption of the Refunded Obligations; (iii) the Bond Ordinance was duly adopted by the Issuer, is in full force and effect and has not been modified, amended or repealed, and this Contract has been duly executed and delivered by an authorized official of the Issuer and is in full force and effect and has not been modified, amended or repealed; (iv) to the best of such person's knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the

circumstances under which they were made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (v) there has not been any materially adverse change in the financial condition of the Issuer since September 30, 2014, the latest date as of which audited financial information is available;

(7) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code;

(8) Any other certificates and opinions required by the Bond Ordinance for the issuance thereunder of the Bonds;

(9) Evidence satisfactory to the Representative that the Bonds have been rated "AAA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and "AAA" by Fitch Ratings, each without regard to credit enhancement, and that such ratings are in effect as of the date of Closing;

(10) An executed copy of the Escrow Agreement;

(11) A copy of a special report prepared by Grant Thornton LLP, addressed to the Issuer, Bond Counsel and the Underwriters, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Federal Securities and uninvested cash on hand, if any, under the Escrow Agreement to pay, when due, the principal of and interest on the Refunded Obligations, and (ii) the computation of the yields with respect to the Federal Securities and the Bonds;

(12) An opinion or certificate, dated on or prior to the date of Closing, of the Attorney General of the State, approving the Bonds as required by law, and the registration certificate of the Comptroller of Public Accounts of the State; and

(13) Such additional legal opinions, certificates, instruments and other documents as the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of

all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Representative.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Contract, this Contract shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the good faith check), 4, 8 and 10 hereof shall continue in full force and effect.

7. Termination. The Representative shall have the right to cancel the Underwriters' obligation to purchase the Bonds (to be evidenced by a written notice to the Issuer terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds) if, between the date of this Contract and the date of the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Representative, reasonably exercised, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions described herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of

obligations of the general character of the Bonds, including any or all underlying arrangements, as described herein or in the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body in any jurisdiction in which more than ten percent (10%) of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum prices on any such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters and/or broker-dealers;

(f) any amendment to the federal or State Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the assessment, levy and/or collection of the ad valorem taxes pledged to pay the principal of and interest on the Bonds;

(g) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Contract any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur, if any;

(i) there shall have occurred (whether or not foreseeable) any (a) new material outbreak of hostilities involving the United States (including, without limitation, an act of terrorism) or (b) new material other national or international calamity or crisis including, but not limited to, an escalation of hostilities that existed prior to the date hereof, or (c) material financial crisis or adverse change in the financial or economic conditions affecting the United States government or the securities markets in the United States;

(j) any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any published notice shall have been given of any intended review for possible downgrade, downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the Issuer's outstanding obligations secured in a like manner as the Bonds (including any rating to be accorded the Bonds);

(l) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; provided, however, that such prohibition occurs after the date of this Contract and is not caused by the action, or failure to act, of any of the Underwriters;

(m) the Issuer is unable on the date of Closing to fund the Escrow Fund created pursuant to the terms of the Escrow Agreement; or

(n) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred and shall be continuing at the date of Closing.

With respect to the conditions described in subparagraphs (e) and (l) above, the Underwriters are not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Contract which would permit the Representative to invoke Underwriters' termination rights hereunder.

#### 8. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (i) the cost of preparation and printing of the Bonds, the Preliminary Official Statement and the Official Statement; (ii) the fees and disbursements of Bond Counsel and counsel to the Issuer, if any; (iii) the fees and disbursements of the Financial Advisor to the Issuer; (iv) the fees and disbursements of the Paying Agent/Registrar for the Bonds, the paying agent for the Refunded Obligations, the Escrow Agent, the verification agent and any engineers, accountants and other experts, consultants or advisers retained by the Issuer, if any; (v) the fees of the Attorney General of the State; and (vi) the fees for bond ratings.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Contract, the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by the Underwriters in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters.

(c) The Issuer acknowledges that the Underwriters will pay from the Underwriters' expense allocation of the underwriting discount certain expenses incurred by the Underwriters which are incidental to implementing this Contract and the issuance of the Bonds, including, but not limited to, the applicable per bond assessment charged by the Municipal Advisory Council of Texas, meals, transportation and lodging, if any, and any other miscellaneous closing costs. The Municipal Advisory Council of Texas is a non-profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

(d) The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

9. Notices. Any notice or other communication to be given to the Issuer under this Contract may be given by delivering the same in writing at its address set forth above, Attention: Ms. Brenda Martin, Director of Finance, and any notice or other communication to be given to the Underwriters under this Contract may be given by delivering the same in writing to Raymond James & Associates, Inc., 5956 Sherry Lane, Suite 1900, Dallas, Texas 75225, Attention: Lori Sullivan.

10. Parties in Interest. This Contract shall constitute the entire agreement between the Issuer and the Underwriters and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Contract may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters and (ii) delivery of and payment for the Bonds pursuant to this Contract. All of the Issuer's representations and warranties contained in this Contract shall remain operative and in full force and effect, regardless of any termination of this Contract.

11. Effectiveness. This Contract shall become effective upon the acceptance hereof by the Issuer and shall be valid and binding at the time of such acceptance.

12. Choice of Law. This Contract shall be governed by and construed in accordance with the laws of the State.

13. Severability. If any provision of this Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

14. Business Day. For purposes of this Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

15. Section Headings. Section headings have been inserted in this Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract and will not be used in the interpretation of any provisions of this Contract.

16. Counterparts. This Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. No Personal Liability. None of the members of the City Council, nor any officer, agent or employee of the Issuer, shall be charged personally by the Underwriters with any liability, or be held liable to the Underwriters under any term or provision of this Contract, or

because of execution or attempted execution, or because of any breach or attempted or alleged breach of this Contract.

18. Entire Agreement. This Contract represents the entire agreement between the Issuer and the Underwriters with respect to the preparation of the Preliminary Official Statement and the Official Statement, the conduct of the offering, and the purchase and sale of the Bonds.

*[Remainder of page left blank intentionally]*

If the Issuer agrees with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Representative. This Contract shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this Contract shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

RAYMOND JAMES & ASSOCIATES, INC. and  
HUTCHINSON, SHOCKEY, ERLEY & CO.,  
the "Underwriters"

By: RAYMOND JAMES & ASSOCIATES, INC.,  
as Representative of the Underwriters

By: \_\_\_\_\_  
Authorized Officer

ACCEPTANCE:

ACCEPTED AND AGREED TO at \_\_\_\_\_ a.m./p.m. Central Time on \_\_\_\_\_,  
2015.

CITY OF LEWISVILLE, TEXAS

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

**Schedule I**

\$\_\_\_\_\_
City of Lewisville, Texas
General Obligation Refunding Bonds,
Series 2015

Dated Date: July 15, 2015
Delivery Date: August 19, 2015
(Interest to accrue from the Delivery Date)

Table with 4 columns: Year (February 15), Principal Amount, Interest Rate, Initial Yield. Rows list years from 2016 to 2032.

[\* Yield shown is yield to first call date, February 15, 2025.]

Optional Redemption. The Bonds maturing on and after February 15, 2026, are subject to redemption prior to stated maturity, at the option of the Issuer, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

Mandatory Redemption. The Bonds maturing on February 15 in each of the years 20\_\_ and 20\_\_ (the "Term Bonds"), are subject to mandatory sinking fund redemption prior to their stated maturity and shall be redeemed in part at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on February 15 in each of the years as set forth below:

Table with 4 columns: Term Bonds Stated to Mature on February 15, 20\_\_, Year, Principal Amount, Term Bonds Stated to Mature on February 15, 20\_\_, Year, Principal Amount.

20\_\_  
20\_\_  
20\_\_  
20\_\_\*\*

20\_\_  
20\_\_  
20\_\_  
20\_\_\*\*

\*\* Stated maturity.

## Exhibit A

### Form of Opinion of McCall, Parkhurst & Horton L.L.P., as Counsel to the Underwriters

[Closing Date]

Raymond James & Associates, Inc.  
Hutchinson, Shockey, Erley & Co.  
c/o Raymond James & Associates, Inc.  
5956 Sherry Lane, Suite 1900  
Dallas, Texas 75225

Re: \$\_\_\_\_\_ City of Lewisville, Texas, General Obligation Refunding Bonds, Series 2015

Ladies and Gentlemen:

We have acted as counsel for you as the underwriters of the above-referenced Bonds (the "Bonds"), issued under and pursuant to an ordinance (the "Ordinance") of the City of Lewisville, Texas (the "City") on July 20, 2015 (the "Bond Ordinance") authorizing the issuance of the Bonds, which Bonds you are purchasing pursuant to a Purchase Contract dated July 20, 2015. All capitalized undefined terms used herein shall have the meaning set forth in the Purchase Contract.

In connection with this opinion letter, we have considered such matters of law and of fact, and have relied upon such certifications and other information furnished to us, as we have deemed appropriate as a basis for our opinion set forth below. We are not expressing any opinion or views herein on the authorization, issuance, delivery, validity of the Bonds and we have assumed, but not independently verified, that the signatures on all documents and Bonds that we have examined are genuine.

Based on and subject to the foregoing, we are of the opinion that, under existing laws, the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bond Ordinance is not required to be qualified under the Trust Indenture Act of 1939, as amended.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters, and because of the wholly or partially nonlegal character of many of the determinations involved in the preparation of the Official Statement dated July 20, 2015 (the "Official Statement") and because the information in the Official Statement included under the captions and subcaptions "THE BONDS - Book-Entry-Only System", "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" and Appendices B and C thereto were prepared by others who have been engaged to review or provide such information, we are not passing on and do not assume any responsibility for the information contained under such headings and in the appendices, and, except as set forth in the last sentence of this paragraph, we are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of other statements contained in the Official Statement (including any appendices, schedules and exhibits thereto) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. In the course of our participation in the preparation of the Official Statement as your counsel, we had discussions with representatives of the City, including its Financial Advisor and Bond Counsel, regarding the contents of the Official Statement. In the course of such activities, no facts came

to our attention which would lead us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein, the information set forth under the captions and subcaptions "THE BONDS - Book-Entry-Only System", "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" and Appendices B and C thereto, as to which we express no opinion), as of its date contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In addition, based upon (i) our understanding of Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule") and interpretive guidance published by the United States Securities and Exchange Commission relating thereto; (ii) our review of the continuing disclosure undertaking of the Issuer contained in the Bond Ordinance; and (iii) the inclusion in the Official Statement of a description of the specifics of such undertaking, and in reliance on the opinion of Bond Counsel that the Bond Ordinance has been duly adopted by the Issuer and is in full force and effect and constitutes a valid and legally binding obligation of the Issuer enforceable in accordance with its terms, we have no reason to believe that such undertaking does not meet the requirements of paragraph (b)(5)(i) of the Rule and, accordingly, we advise you that such undertaking provides a suitable basis for you, as the underwriters of the Bonds, and any other broker, dealer or municipal securities dealer acting as a Participating Underwriter (as defined in the Rule) in connection with the offering of the Bonds, to make a reasonable determination that the Issuer has met the qualifications of paragraph (b)(5)(i) of the Rule.

This opinion letter may be relied upon by only you and only in connection with the transaction to which reference is made above and may not be used or relied upon by any other person for any purposes whatsoever without our prior written consent.

Respectfully,

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PAYING AGENT/REGISTRAR AGREEMENT  
between

CITY OF LEWISVILLE, TEXAS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY,  
NATIONAL ASSOCIATION

Pertaining to

City of Lewisville, Texas  
General Obligation Refunding Bonds  
Series 2015

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Dated as of July 15, 2015

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## PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (the or this “Agreement”), dated as of July 15, 2015, is by and between the CITY OF LEWISVILLE, TEXAS (the “Issuer”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION (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 General Obligation Refunding Bonds, Series 2015 (the “Bonds”), dated July 15, 2015, to be issued as registered securities without coupons; and

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

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Bonds, in accordance with the terms thereof, and that the Bank act as Registrar for the Bonds; 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 Bonds in paying to the Owners of the Bonds the principal, redemption premium, if any, and interest on all or any of the Bonds.

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

(c) The Bank hereby accepts its appointment, and agrees to act as, the Paying Agent and the 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. 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” means The Bank of New York Mellon Trust Company, National Association, its successors and assigns.

“Bank Office” means the Bank’s office at 2001 Bryan Street, 11th Floor, Dallas, Texas 75201. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Bond” or “Bonds” means any or all of the Issuer’s General Obligation Refunding Bonds, Series 2015, dated July 15, 2015.

“Bond Order” means the authorizing document approved by the governing body of the Issuer authorizing the issuance and delivery of the Bonds.

“Financial Advisor” means First Southwest Company, its successors and assigns.

“Fiscal Year” means the fiscal year of the Issuer.

“Issuer” means the City of Lewisville, Texas.

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

“Legal Holiday” means a day on which the Bank is required or authorized by applicable law to be closed.

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

“Paying Agent” means the Bank when it is performing the functions 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 Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same obligation as that evidenced by such particular Bond (and, for the purposes of this definition, any Bond registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Bond).

“Record Date” means the last business day of the month next preceding an interest payment date established by the Bond Order.

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

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

“Stated Maturity” means the date or dates specified in the Bond Order as the fixed date on which the principal of the Bonds is due and payable or the date fixed in accordance with the terms of the Bond Order for redemption of the Bonds, 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 Bond or Bonds so maturing at the Bank Office, the principal amount of the Bond or Bonds 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.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Bonds to each Owner of the Bonds (or their Predecessor Bonds) 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; such payments shall be made by computing the amount of interest to be paid each Owner, preparing the checks, and mailing the checks on each interest payment date addressed to each Owner’s address as it appears in the Register 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 Bonds at the dates specified in the Bond Order.

#### ARTICLE IV

#### REGISTRAR

##### Section 4.01. Transfer and Exchange.

(a) The Issuer 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 Issuer shall provide for the registration and transfer of the Bonds. The Bank is hereby appointed “Registrar” for the purpose of registering and transferring the Bonds 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 Bank as Registrar hereby agrees that at any time while any Bond is outstanding, the Owner may deliver such Bond to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Bond is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three (3) business days, register and deliver such Bond or Bonds as provided in such instructions. The provisions of the Bond Order shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions of the Bond Order.

(c) Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed in a manner satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing.

(d) The Bank may request any supporting documentation it feels necessary to effect a re-registration.

Section 4.02. The Bonds. The Issuer shall provide an adequate inventory of unregistered Bonds to facilitate transfers. The Bank covenants that it will maintain the unregistered Bonds in safekeeping and will use reasonable care in maintaining such unregistered Bonds 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 Bonds. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Bonds previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Bank. All cancelled Bonds held by the Bank shall be disposed of pursuant to the Securities Exchange Act of 1934.

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

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

(b) If (i) any mutilated Bond is surrendered to the Bank, or the Issuer and the Bank receives evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then in the absence of notice to the Issuer or the Bank that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Bank shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by

anyone, and shall be entitled to all the benefits of the Bond Order equally and ratably with all other outstanding Bonds.

(d) Upon the satisfaction of the Bank and the Issuer that a Bond has been mutilated, destroyed, lost, or stolen, and upon receipt by the Bank and the Issuer of such indemnity or security as they may require, the Bank shall cancel the Bond number on the Bond registered with a notation in the Register that said Bond has been mutilated, destroyed, lost, or stolen; and a new Bond shall be issued of the same series and of like tenor and principal amount bearing a number, according to the Register, not contemporaneously outstanding.

(e) The Bank may charge the Owner the Bank's fees and expenses in connection with issuing a new Bond in lieu of or exchange for a mutilated, destroyed, lost, or stolen Bond.

(f) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed Bonds and any future substitute blanket bond for lost, stolen, or destroyed Bonds 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 Bonds 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 Bonds it has paid pursuant to Section 3.01, Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 4.01, and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds 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 agrees to use reasonable care in the performance thereof. The Bank is also authorized to transfer funds relating to the closing and final delivery of the Bonds 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 of the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02. Reliance on Documents, Etc.

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

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

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

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any 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 Bonds, but is protected in acting upon receipt of Bonds 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 may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

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

#### Section 5.03. Recitals of Issuer.

(a) The recitals contained herein and in the Bonds 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 Bond 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 Bonds. The Bank, in its individual or any other capacity, may become the Owner or pledgee of Bonds 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 Bond and remaining unclaimed for three years after final maturity of the Bond has become due and payable will be paid by the Bank to the Issuer, and the Owner of such Bond 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 Bonds, 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 Bonds 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 Bonds 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 or bad faith on their part arising out of or in connection with its acceptance or administration of the Bank's duties hereunder, and under Article V of the Bond Order, 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 Lewisville, Texas  
151 West Church Street  
Lewisville, Texas 75057  
Attention: Chief Financial Officer
  
- (b) if to the Bank: The Bank of New York Mellon Trust Company,  
National Association  
2001 Bryan Street, 11th Floor  
Dallas, Texas 75201  
Attention: Corporate Trust Department

Section 6.04. Bank to Give Notice of Change. The Bank hereby agrees that it will give notice to the Issuer, to the registered owners and to 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 Designated Payment/Transfer 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 Bond Order 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 Bond Order, the Bond Order 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 Bonds.

(b) This Agreement may be earlier terminated upon sixty (60) 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 sixty (60) days after the giving of notice of resignation.

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

Section 6.12. 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 LEWISVILLE, TEXAS

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

ATTEST:

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

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, NATIONAL ASSOCIATION,  
as Paying Agent/Registrar

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

ANNEX “A”

SCHEDULE OF FEES FOR SERVICE AS PAYING AGENT/REGISTRAR

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ESCROW AGREEMENT

Between

CITY OF LEWISVILLE, TEXAS

and

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N. A.

Pertaining to

City of Lewisville, Texas  
General Obligation Refunding Bonds,  
Series 2015

Dated as of July 15, 2015

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## ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of July 15, 2015 (herein, together with any amendments or supplements hereto, called the "Agreement"), entered into by and between the CITY OF LEWISVILLE, TEXAS (the "Issuer"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N. A., a national banking association organized under the laws of the United States of America, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent").

### WITNESSETH:

WHEREAS, the Issuer has heretofore issued and there presently remain outstanding the obligations (the "Refunded Obligations") of the Issuer listed and described on Exhibit A, attached hereto;

WHEREAS, the Refunded Obligations are scheduled to mature or have been called for early redemption in such years, bear interest at such rates, and are payable at such times and in such amounts as are set forth in Exhibit B attached hereto and made a part hereof; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the maturity dates or redemption dates of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, with a place of payment for such Refunded Obligations, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, the Escrow Agent is a place of payment of the Refunded Obligations and is otherwise qualified to act as an escrow agent under Chapter 1207; and

WHEREAS, Chapter 1207 authorizes the Issuer to enter into an escrow agreement with the Escrow Agent with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and the Escrow Agent may agree, provided that such deposits may be invested only in obligations authorized by Chapter 1207, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal and interest on the Refunded Obligations when due; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the other places of payment, if any, for the Refunded Obligations the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the Escrow Agent is the paying agent for each series of the Refunded Obligations; and

WHEREAS, the issuance, sale, and delivery of the City of Lewisville, Texas General Obligation Refunding Bonds, Series 2015 (the "Bonds"), have been duly authorized for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of the Refunded Obligations at their respective maturity or redemption dates and the interest thereon to such maturity or redemption dates; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Bonds to the purchasers thereof, a portion of the proceeds of the Bonds shall be applied to purchase certain "Federal Securities" (as herein defined) for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Federal Securities shall mature and the interest thereon shall be payable at such times and in such amounts as will provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay the interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their maturity dates or redemption dates; and

WHEREAS, the Escrow Agent is a party to this Agreement and hereby acknowledges its acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby is acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

## ARTICLE I DEFINITIONS AND INTERPRETATIONS

Section 1.01 Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"Beginning Cash Balance" means the funds described in Exhibit C attached to this Agreement.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions thereunder.

"Escrow Fund" means the fund created in Section 3.01 of this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"Federal Securities" means noncallable obligations of the United States of America, including noncallable obligations of which the full and timely payment of the principal and interest are unconditionally guaranteed by the United States of America, that mature and/or bear

interest payable at such times and in such amounts sufficient without reinvestment to provide for the scheduled payment of the principal of and interest on the Refunded Obligations. Investments in mutual funds and unit investment trusts are prohibited.

“Refunded Obligations Paying Agent” means The Bank of New York Mellon Trust Company, N. A., as paying agent/registrar for each series of the Refunded Obligations.

Section 1.02 Other Definitions. The terms “Agreement,” “Issuer,” “Escrow Agent,” “Refunded Obligations,” and “Bonds,” when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03 Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

## ARTICLE II DEPOSIT OF FUNDS AND FEDERAL SECURITIES

Section 2.01 Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Bonds the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the Beginning Cash Balance and the Federal Securities described in Exhibit C attached hereto and incorporated by reference as a part of this Agreement for all purposes. The Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

## ARTICLE III CREATION AND OPERATION OF ESCROW FUND

Section 3.01 Escrow Fund. The Escrow Agent hereby creates on its books a special trust and irrevocable escrow fund to be known as the City of Lewisville, Texas, General Obligation Refunding Bonds, Series 2015 Escrow Fund (the “Escrow Fund”) for the purpose of paying the principal of and interest on the Refunded Obligations as described in Exhibit A, in order to make firm banking arrangements therefor. The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the Beginning Cash Balance and the Federal Securities described in Exhibit C attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) to the extent needed to pay the principal and interest requirements on the Refunded Obligations, are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02 Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer, from the cash balances from time to time on deposit in the Escrow Fund, to each Refunded Obligations Paying Agent, the amounts required to pay the principal of the Refunded Obligations at their respective maturity date or dates as of which such Refunded Obligations have been called for earlier redemption, and interest thereon when due, in the amounts and at the times shown in Exhibit B attached hereto.

Section 3.03 Sufficiency of Escrow Fund. The Issuer represents that the successive receipts of the principal of and interest on the Federal Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to each Refunded Obligations Paying Agent, at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due and the principal of the Refunded Obligations as such principal comes due, all as more fully set forth in Exhibit D attached hereto. The Escrow Agent shall promptly give notice of any insufficiency to the Issuer, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund.

Section 3.04 Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Federal Securities and all other assets of the Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Federal Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Federal Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations, and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to a preferred claim and first lien upon the Federal Securities, the proceeds thereof, and all other assets of the Escrow Fund. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right or title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by a place of payment for the Refunded Obligations.

Section 3.05 Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct noncallable obligations of, or noncallable obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

#### ARTICLE IV SUBSTITUTION OF FEDERAL SECURITIES

Section 4.01 In General. Except as provided in Section 4.02 and 4.03 hereof, the Escrow Agent shall not have any power or duty to make substitutions for the Federal Securities described in Exhibit C hereto, or to sell, transfer, or otherwise dispose of such Federal Securities.

Section 4.02 Substitution of Federal Securities at Bond Closing. Concurrently with the sale and delivery of the Bonds, the Issuer, at its option, may substitute cash or Federal Securities for the Federal Securities listed in part III of Exhibit C attached hereto, but only if such cash and/or Federal Securities:

(a) are in an amount, and/or mature in an amount, which, together with any cash substituted for such obligations, is equal to or greater than the amount payable on the maturity date of the obligation listed in part III of Exhibit C for which such obligation is substituted, and

(b) mature on or before the maturity date of the obligation listed in part III of Exhibit C for which such obligation is substituted.

The Issuer may at any time substitute the Federal Securities listed in part III of Exhibit C which, as permitted by the preceding sentence, were not deposited to the credit of the Escrow Fund, for the cash and/or obligations that were substituted concurrently with the sale and delivery of the Bonds for such Federal Securities, provided, that upon any such substitution the Escrow Agent receives (i) a new verification report from a firm of independent certified public accountants as to the sufficiency of the Federal Securities to provide for the payment of the Refunded Obligations (assuming such substitution has been made and assuming a zero percent reinvestment rate) and (ii) an opinion of bond counsel to the effect that such substitution shall not affect the tax-exempt status of interest on the Refunded Obligations or the Bonds.

Section 4.03 Substitution of Federal Securities following Bond Closing. (a) At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of all or any portion of the Federal Securities and apply the proceeds therefrom to purchase Refunded Obligations or other Federal Securities. Any such transaction may be effected by the Escrow Agent only if (1) the Escrow Agent shall have received a written opinion from a firm of independent certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount which will be sufficient, when added to the interest to accrue thereon and assuming a zero percent reinvestment rate, to provide for the payment of principal of and interest on the remaining Refunded Obligations as they become due, and (2) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel acceptable to the Issuer and the Escrow Agent to the effect that (A) such transaction will not cause any of the Bonds to be an “arbitrage bond” within the meaning of the Code or otherwise adversely affect the tax-exempt status of the Refunded Obligations or the Bonds, and (B) that such transaction complies with the Constitution and laws of the State of Texas.

(b) The foregoing provisions of substitution notwithstanding, the Escrow Agent shall be under no obligation to effect the substitution of the Federal Securities in the manner contemplated by Subsection 4.03(a) if the Issuer fails to deliver or cause to be delivered to the Escrow Agent no later than three Business Days prior to the proposed date such substitution is to be effected a written certificate setting forth in reasonable detail the maturity dates and maturity amounts of the Federal Securities to be substituted and the proposed date such substitution is to occur.

Section 4.04 Allocation of Certain Federal Securities. The maturing principal of and interest on the Federal Securities may be applied to the payment of any Refunded Obligations and no allocation or segregation of the receipts of principal or interest from such Federal Securities is required.

Section 4.05 Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Federal Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Bonds or Refunded Obligations to be an “arbitrage bond” within the meaning of Section 148 of the Code.

## ARTICLE V APPLICATION OF CASH BALANCES

Section 5.01 In General. Except as provided in Sections 5.02 and 5.03 hereof, neither the Issuer nor the Escrow Agent shall reinvest any moneys deposited to or held as part of the Escrow Fund.

Section 5.02 Reinvestment in SLGS. Cash balances in the Escrow Fund shall be reinvested as set forth on Exhibit E attached hereto.

Section 5.03 Reinvestment of Cash Balances. At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall permit or cause the reinvestment of cash balances in the Escrow Fund, pending the use thereof to pay when due the principal of and interest on the Refunded Obligations, in Federal Securities which obligations must mature on or before the respective dates needed for payment of the Refunded Obligations. Any such modification must include (i) an opinion of nationally recognized bond counsel that such transaction does not adversely affect the tax-exempt nature of the Bonds or the Refunded Obligations and complies with the Constitution and laws of the State of Texas and (ii) a verification report by a firm of independent certified public accountants verifying the sufficiency of the Escrow Fund and the yield on the investment thereof.

## ARTICLE VI RECORDS AND REPORTS

Section 6.01 Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Federal Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 6.02 Reports. While this Agreement remains in effect, the Escrow Agent at least annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Federal Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together

with a detailed statement of all Federal Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII  
CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01 Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02 Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the proceeds of the Federal Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor any place of payment for the Refunded Obligations shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Federal Securities to make timely payment thereon, except for the obligation to notify the Issuer promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Bonds shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Bonds or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or

contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

Section 7.03 Compensation. Concurrently with the sale and delivery of the Bonds, the Issuer shall pay to the Escrow Agent the sum of \$\_\_\_\_\_ the sufficiency of which is hereby acknowledged by the Escrow Agent to pay its fee for performing the services of Escrow Agent hereunder and for all expenses incurred or to be incurred by it as Escrow Agent in the administration of this Agreement. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses. The Escrow Agent's fee does not include the cost of publication, printing costs, or reasonable out-of-pocket expenses of the Escrow Agent. In its capacity as Refunded Obligations Paying Agent, the Escrow Agent agrees to bill the Issuer directly under its current agreement with the Issuer for such future paying agency services and covenants that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its paying agency services.

Section 7.04 Successor Escrow Agents. (a) If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as Escrow Agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

(b) The Escrow Agent may at any time resign and be discharged from the trust hereby created by giving not less than 60 days' written notice to the Issuer; provided, that, no such resignation shall take effect unless: (i) a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as herein provided; (ii) such successor

Escrow Agent shall have accepted such appointment; (iii) the successor Escrow Agent shall have agreed to accept the fees currently in effect for the Escrow; and (iv) the Escrow Agent shall have paid over to the successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder. Such resignation shall take effect immediately upon compliance with the foregoing requirements.

(c) Any successor Escrow Agent shall be qualified to serve as Escrow Agent under the provisions of Chapter 1207.

(d) Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties. The Escrow Agent shall pay over to its successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder.

#### ARTICLE VIII MISCELLANEOUS

Section 8.01 Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder, shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed as follows:

To the Escrow Agent:	The Bank of New York Mellon Trust Company, N. A. 2001 Bryan Street, 11 <sup>th</sup> Floor Dallas, Texas 75201 Attention: Issuer Services
To the Issuer:	City of Lewisville, Texas 151 W. Church Street Lewisville, Texas 75057 Attention: City Manager
To the Rating Agencies:	Moody's Investors Service, Inc. 2200 Ross Avenue Suite 4650 West Dallas, Texas 75201 Attention: Public Finance Department  Standard & Poor's Rating Group 25 Broadway New York, New York 10004

Fitch Investors Service, L.P.  
4514 Cole Avenue, Suite 600  
Dallas, Texas 75205

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Either party hereto may change the address to which notices are to be delivered by giving to the other party not less than ten (10) days prior notice thereof.

Section 8.02 Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 8.03 Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04 Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. In the event any one or more provisions hereof are held to be invalid, illegal or unenforceable the Issuer shall promptly notify each of the rating agencies then maintaining a rating on the Refunded Obligations.

Section 8.05 Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06 Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07 Effective Date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in Exhibit C attached hereto and the Federal Securities, together with the specific sums stated in subsections (a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses, and services.

Section 8.08 Modification of Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement (1) shall alter the firm financial arrangements made for the payment of the Refunded Obligations or (2) shall be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Obligations outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the Issuer and the Escrow Agent may, without

the consent of holders of the Refunded Obligations, amend or modify the terms and provisions of this Agreement to cure in a manner not adverse to the holders of the Refunded Obligations any ambiguity, formal defect or omission in this Agreement. Prior notice of any such modification shall be given to each rating agency then maintaining a rating on the Refunded Obligations.

Section 8.09 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Escrow Agent, its officers, directors, employees and agents for, and hold them harmless against, any loss, liability, or expense incurred without negligence or bad faith on their part arising out of or in connection with its acceptance or administration of the Escrow Agent's duties under this Agreement, 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.

ARTICLE IX  
ACKNOWLEDGMENT OF RECEIPT OF NOTICE  
OF REDEMPTION OF REFUNDED OBLIGATIONS

Section 9.01 Acknowledgment of Receipt of Notice of Redemption. The Escrow Agent, as paying agent/registrar for the Refunded Obligations, by its execution of this Escrow Agreement hereby acknowledges receipt of the Ordinance authorizing the issuance of the Bonds, the receipt of such Ordinance constituting written notice of redemption of such Refunded Obligations as described on Exhibit A hereto. The Escrow Agent hereby agrees to provide or cause to be provided to the registered owners of the Refunded Obligations notice of deposit and notice of redemption at the times and in the manner required by the respective ordinance authorizing the issuance thereof.

[Execution Page Follows]

IN WITNESS WHEREOF, this Escrow Agreement has been executed in multiple counterparts, each one of which shall constitute one and the same original Agreement, as of the date and year appearing on the first page of this Agreement.

CITY OF LEWISVILLE, TEXAS

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

ATTEST:

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

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N. A, as Escrow Agent

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

## INDEX TO EXHIBITS

Exhibit A	Description of the Refunded Obligations
Exhibit B	Schedule of Debt Service on Refunded Obligations
Exhibit C	Description of Beginning Cash Balance and Federal Securities
Exhibit D	Escrow Fund Cash Flow
Exhibit E	Reinvestments in Zero Interest Rate SLGS

**EXHIBIT A**  
**SCHEDULE OF REFUNDED OBLIGATIONS**

(See Attached Schedule)

EXHIBIT B

SCHEDULE OF DEBT SERVICE ON REFUNDED OBLIGATIONS

(See Attached Schedule)

EXHIBIT C

DESCRIPTION OF BEGINNING CASH BALANCE AND FEDERAL SECURITIES

I. Cash

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

II. State and Local Government Series Obligations

\$ \_\_\_\_\_  
|

III. Open Market Securities

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

EXHIBIT D  
ESCROW FUND CASH FLOW

(See Attached Schedules)

EXHIBIT E

REINVESTMENTS IN ZERO INTEREST RATE SLGS

None

## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** Brenda Martin, Director of Finance

**DATE:** July 7, 2015

**SUBJECT:** **Consideration of an Ordinance of the City Council of the City of Lewisville, Texas, Authorizing the Issuance and Sale of City of Lewisville, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015; Providing for the Security for and Payment of Said Bonds; Authorizing the Execution and Delivery of a Bond Purchase Agreement, A Paying Agent/Registrar Agreement and an Escrow Agreement; Calling Certain Outstanding Bonds for Redemption; Approving the Official Statement; and Enacting Other Provisions Relating Thereto.**

### BACKGROUND

Attached for consideration is an Ordinance and other draft documents related to the issuance of City of Lewisville, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015. The new bonds in the estimated amount of \$8,050,000 are for the purpose of providing funds for constructing, acquiring, and installing improvements, additions, and extensions to the City's waterworks and sewer system and an estimated \$4,165,000 for refunding the remaining Waterworks and Sewer System Refunding and Improvement Bonds, Series 2005 and Waterworks and Sewer System Revenue Bonds, Series 2006 and costs associated with the issuance of the bonds.

Estimated premium generated on the sale of the Bonds could lower the par amount of the bonds. Premium on the bonds is generated when an investor pays more than 100 cents on the dollar for the bonds they are buying. For example, if an investor pays 105 cents on the dollar for a bond, 5 cents is considered premium. This premium may be used to 1) cover costs of issuance and 2) provide proceeds to pay off the bonds being refunded. Interest savings over the life of the issue will result in an estimated gross savings of \$265,394 which equates to an estimated \$247,139 of present value savings. All numbers are preliminary and subject to change depending on actual market interest rates obtained on the day of pricing.

### ANALYSIS

A portion of the new bonds (\$5.95 M) will be allocated to the replacement of several sanitary sewer lines, replacement of several water and sewer aerial creek crossings, design component of a large sanitary sewer interceptor and sanitary sewer force main, design and construction of a new water line and sanitary sewer line, and replacement of smaller neighborhood water and sewer lines.

Subject: Series 2015 Waterworks and Sewer System Revenue Refunding and Improvement  
Bonds  
July 7, 2015  
Page 2

The remaining bonds (\$2.1M) will be utilized for purchase of land for plant and electrical improvements and reviews for the Vista Ridge Lift station, water plant and wastewater plant. The above purpose of the bonds may be changed or altered for other water and waste water projects if priorities or needs change.

First Southwest Company, the City's financial advisory firm, has recommended to City staff that the issuance of these bonds be accomplished through a negotiated sale as opposed to a sale through a competitive bid. First Southwest's opinion is that such a sale will produce a market rate and will provide better flexibility in order to meet the City's debt and tax rate objectives. The terms of the sale will be provided at the July 20, 2015 City Council meeting.

### **RECOMMENDATION**

It is City staff's recommendation that the City Council approve the ordinance as set forth in the caption above.

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

AUTHORIZING THE  
ISSUANCE OF

CITY OF LEWISVILLE, TEXAS  
WATERWORKS AND SEWER SYSTEM REVENUE  
REFUNDING AND IMPROVEMENT BONDS, SERIES 2015

Dated: July 15, 2015

Adopted: July 20, 2015

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EXHIBIT A: DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF LEWISVILLE, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF LEWISVILLE, TEXAS, WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2015; PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, A PAYING AGENT/REGISTRAR AGREEMENT AND AN ESCROW AGREEMENT; CALLING CERTAIN OUTSTANDING BONDS FOR REDEMPTION; APPROVING THE OFFICIAL STATEMENT; AND ENACTING OTHER PROVISIONS RELATING THERETO

**WHEREAS**, the City of Lewisville, Texas (the “City”), has outstanding its previously issued waterworks and sewer system revenue bonds (the “Previously Issued Bonds”) payable from and secured by a first lien on and pledge of the net revenues of the City’s combined waterworks and sewer system (the “System”); and

**WHEREAS**, in the ordinances authorizing the issuance of the Previously Issued Bonds the City has reserved the right to issue, under certain conditions, additional bonds on a parity as to lien and right with the Previously Issued Bonds; and

**WHEREAS**, the City Council of the City (the “City Council”) has found and determined that additional bonds, on a parity with the Previously Issued Bonds, are required to be issued to provide funds for the purpose of improving and extending the System; and

**WHEREAS**, Chapter 1207 Texas Government Code, as amended (“Chapter 1207”) authorizes the City to issue refunding bonds to refund all or any part of the City’s outstanding waterworks and sewer system bonds and to enter into an escrow agreement with a place of payment for the refunded bonds with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the City and such paying agent may agree, provided that such deposits may be invested and reinvested only in obligations specified in subsections 1207.062(b)(1) and (2), Texas Government Code, as amended, and which shall mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or prepayment of the refunded bonds; and

**WHEREAS**, the City Council has found and determined that additional bonds, on a parity with the Previously Issued Bonds, are required to be issued for the purpose of refunding certain outstanding waterworks and sewer system bonds described on **Schedule I** hereto (the “Refunded Bonds”) for the purpose of achieving a gross debt service savings of \$ \_\_\_\_\_ representing a present value savings of approximately \$ \_\_\_\_\_ or \_\_\_\_% and that the refunding contemplated in this Ordinance will benefit the City by providing a present value savings of debt service as hereinabove stated and that such benefit is sufficient consideration for the refunding of the Refunded Bonds; and

**WHEREAS**, The Bank of New York Mellon Trust Company, N.A., is a place of payment for the Refunded Bonds and, as such, is qualified to act as Escrow Agent for the Refunded Bonds; and

**WHEREAS**, the City Council of the City hereby finds and determines that the issuance and delivery of the bonds hereinafter authorized is in the public interest and the use of the proceeds in the manner herein specified constitutes a valid public purpose; and

**WHEREAS**, the City Council finds and determines that it is necessary and in the best interest of the City and its citizens that its bonds shall be issued, in a single series, for the purposes of (i) paying costs related to improving and extending the System, (ii) refunding the Refunded Bonds and (iii) paying the costs of issuing the Bonds, which the City Council hereby determines to be necessary and economically feasible, all in accordance with the Constitution and general laws of the State, particularly Chapter 1207 and Chapter 1502, Texas Government Code, as amended (“Chapter 1502”); and

**WHEREAS**, the conditions precedent to the issuance of Additional Parity Bonds, as herein defined, under the ordinances authorizing the issuance of the Previously Issued Bonds have occurred and are existing; and

**WHEREAS**, the meeting at which this Ordinance is 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, as amended;

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

## ARTICLE I

### DEFINITIONS, FINDINGS AND INTERPRETATION

#### Section 1.01. Definitions.

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

“Additional Parity Bonds” means revenue bonds or other evidences of indebtedness which the City reserves the right to issue or enter into, as the case may be, in the future in accordance with the terms and conditions provided in Section 9.01 of this Ordinance and which are equally and ratably secured by a first lien on and pledge of the Net Revenues.

“Average Annual Debt Service” means that amount which, at the time of computation, is derived by dividing the total amount of Debt Service to be paid over a period of years as the same is scheduled to become due and payable by the number of years taken into account in determining the total Debt Service. Capitalized interest payments provided from bond proceeds shall be excluded in making the aforementioned computation.

“Bond” means any of the Bonds.

“Bond Date” means the date designated as the date of the Bonds by Section 3.02(a) of this Ordinance.

“Bond Fund” means the “City of Lewisville Interest and Sinking Revenue Bond Fund” described in Section 8.03 of this Ordinance.

“Bond Purchase Agreement” means the Bond Purchase Agreement between the City and the Underwriters dated as of the date hereof.

“Bonds” means the City’s bonds authorized to be issued by Section 3.01 of this Ordinance and designated as “City of Lewisville, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015.”

“Bonds Similarly Secured” means, collectively, the Previously Issued Bonds, the Bonds and Additional Parity Bonds.

“Business Day” means any 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 is located are generally authorized or obligated by law or executive order to close.

“City” means the City of Lewisville, Texas.

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

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

“Debt Service” means, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear, or would have borne, interest at the highest rate reached, or that would have been applied to such obligations (using the index or measure for computing interest applicable to such obligations) during the twenty-four (24) month period next preceding the date of computation, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to maturity, the principal amounts thereof will be redeemed prior to maturity in accordance with the mandatory redemption provisions applicable thereto.

“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.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named in this Ordinance, the corporate trust office of the Paying Agent/Registrar in Dallas, 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.

“Escrow Agent” means The Bank of New York Mellon Trust Company, N.A.

“Escrow Agreement” means the escrow agreement between the Escrow Agent and the City pertaining to the Bonds.

“Escrow Fund” means the fund by that name established under the Escrow Agreement.

“Fiscal Year” or “Year” means the twelve month account period used by the City in connection with the operation of the System which may be any twelve consecutive month period established by the City.

“Fund” means any fund established pursuant to this Ordinance or any ordinance authorizing the issuance of Bonds Similarly Secured.

“Gross Revenues” means 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 the investment or deposit of moneys in any special funds or accounts created and established by the City for the payment and security of the Bonds Similarly Secured and other obligations payable solely from and secured only by a lien on and pledge of the Net Revenues.

“Initial Bond” means the initial Bond authorized by Section 3.04(d) of this Ordinance.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15 of each year, commencing February 15, 2016.

“Maintenance and Operating Expenses” means all current expenses of operating and maintaining the System, including 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 would 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, services or facilities for the System to the extent authorized by law and the provisions of such contracts.

“Moody’s” means Moody’s Investors Service, or any successor or assignee thereof.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Earnings” means Gross Revenues of the System after deducting the Maintenance and Operating Expenses, but not depreciation charges or other expenditures which, under generally accepted accounting principles, should be treated as capital expenditures.

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

“Ordinance” means this ordinance pursuant to which the Bonds are authorized.

“Outstanding” when used in this Ordinance, means, as of the date of determination, all Bonds Similarly Secured theretofore sold, issued and delivered by the City, except:

(i) those Bonds Similarly Secured canceled or delivered by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation in connection with the exchange or transfer of such obligations;

(ii) those Bonds Similarly Secured paid or deemed to be paid in accordance with the provisions hereof; and

(iii) those Bonds Similarly Secured that have been mutilated, destroyed, lost, or stolen and replacement bonds have been registered and delivered in lieu thereof.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register, which shall be Cede & Co., as nominee for DTC, so long as the Bonds are in book-entry only form and held by DTC as securities depository in accordance with Section 3.10 hereof.

“Paying Agent/Registrar” means initially The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or any successor thereto as provided in this Ordinance.

“Previously Issued Bonds” means the City’s presently Outstanding and unpaid revenue bonds payable from and secured by a first lien on and pledge of the Net Revenues.

“Prior Ordinances” mean the ordinances that authorized the issuance of the Previously Issued Bonds.

“Record Date” means the last Business Day of the month next preceding an Interest Payment Date.

“Register” means the Register specified in Section 3.06(a).

“Representative” means the representative of the Underwriters named in the Bond Purchase Agreement.

“Required Reserve” means the amount required to be accumulated and maintained in the Reserve Fund under the provisions of Section 8.04.

“Reserve Fund” means the “City of Lewisville Revenue Bond Reserve Fund,” described in Section 8.04 of this Ordinance.

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

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

“S&P” means Standard and Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc.

“Special Payment Date” means the date that is fifteen (15) days after the Special Record Date.

“Special Record Date” means the new record date for interest payment established in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, as described in Section 3.03(b).

“System” means all properties, facilities and plants currently owned, operated and maintained by the City for the supply, treatment and transmission of treated potable water and the collection, treatment and disposal of water-carried wastes, together with all future extensions, improvements, replacements and additions thereto; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term “System” shall not mean or include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of “Special Facilities Bonds,” which are hereby defined as being special revenue obligations of the City which are not Bonds Similarly Secured but which are payable from and secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Bonds Similarly Secured including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

“System Fund” means the “City of Lewisville Water and Sewer System Fund,” described in Section 8.02 of this Ordinance.

“Unclaimed Payments” mean money deposited with the Paying Agent/Registrar for the payment of principal of, or interest on the Bonds as the same become due and payable and remaining unclaimed by the Owners of such Bonds for ninety (90) days after the applicable payment or redemption date.

“Underwriters” means the underwriters named in the Bond Purchase Agreement.

Section 1.02. Other Definitions. The terms “City” and “City Council” shall have the meanings assigned to them in the preamble of this Ordinance.

Section 1.03. 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 1.04. 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 1.05. 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

### SECURITY FOR THE BONDS

Section 2.01. Pledge. The City hereby covenants and agrees that the Net Revenues of the System, with the exception of those in excess of the amounts required for the payment and security of the Bonds Similarly Secured, are hereby irrevocably pledged, equally and ratably, to the payment and security of the Bonds Similarly Secured, including the establishment and maintenance of the special funds created and established for the payment and security thereof, all as hereinafter provided, and it is hereby ordained that the Bonds Similarly Secured, and the interest thereon, shall constitute a first lien on the Net Revenues in accordance with the terms and provisions hereof and be valid and binding without further action by the City and without any filing or recording except for the filing of this Ordinance in the records of the City.

Section 2.02. Bonds Similarly Secured as Special Obligations. Bonds Similarly Secured are special obligations of the City payable solely from the Net Revenues of the System, and the Owners thereof shall never have the right to demand payment thereof out of any other funds raised or to be raised by taxation.

## ARTICLE III

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

Section 3.01. Authorization. The City's bonds to be designated "City of Lewisville, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State, including particularly Chapters 1207 and 1502. The Bonds shall be issued in the aggregate principal amount of \$\_\_\_\_\_ for the purposes of (i) paying costs related to improving and extending the City's waterworks and sewer system, (ii) refunding the Refunded Bonds, and (iii) paying the costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities and Interest. (a) The Bonds shall be dated July 15, 2015, shall be in fully registered form, without coupons, in the denomination of \$5,000

or any integral multiple thereof and shall be numbered separately from one upward or such other designation acceptable to the City and the Paying Agent/Registrar, except the Initial Bond, which shall be numbered T-1.

(b) The Bonds shall mature on February 15 in the years and in the principal amounts and shall bear interest at the per annum rates set forth in the following schedule:

Serial Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2016	\$ _____	_____	2025	\$ _____	_____
2017	_____	_____	2026	_____	_____
2018	_____	_____	2027	_____	_____
2019	_____	_____	2028	_____	_____
2020	_____	_____	2029	_____	_____
2021	_____	_____	2030	_____	_____
2022	_____	_____	2031	_____	_____
2023	_____	_____	2032	_____	_____
2024	_____	_____			

Term Bonds

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
_____	\$ _____	_____ %

(c) Interest shall accrue and be paid on each Bond respectively until its maturity or prior redemption, from the later of the Closing Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable on each Interest Payment Date until maturity or prior redemption. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of 12 months of thirty (30) days each.

Section 3.03. Medium, Method and Place of Payment. (a) The principal of, redemption premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on the Bonds shall be payable to the Owners as shown 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 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 Bond appearing in the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest on each Bond shall be paid by check, dated as of the Interest Payment Date, and mailed on or before such Interest Payment Date, by first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as it appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the Owner; provided, however, that such Owner shall bear all risk and expense of such other customary banking arrangements.

(d) The principal of each Bond shall be paid to the Owner thereof on the due date (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(e) If the date for the payment of the principal of or interest on the Bonds 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 without limitation 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 deposited into the Bond Fund and applied to the next payment on the Bonds thereafter coming due; to the extent any such moneys remain after the retirement of all Outstanding Bonds, such moneys may be used by the City for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat, unclaimed property or similar law, including without limitation Title 6, Texas Property Code.

Section 3.04. Execution and Registration of Bonds. (a) The Bonds shall be executed on behalf of the City by the Mayor and 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 Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

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

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the

Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the Closing 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 of Texas, or by her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas, and that it is a valid and binding obligation of the City, and that it has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the Representative, or its designee, executed by the Mayor and the City Secretary by their manual or facsimile signature, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Representative or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver registered definitive Bonds in accordance with Section 3.10 hereof.

Section 3.05. Ownership. (a) The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered in the Register as the absolute Owner of such Bond for the purpose of making and receiving payment of the principal thereof, for the further purpose of making and receiving payment of the interest thereon, and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

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

Section 3.06. Registration, Transfer and Exchange. (a) So long as any Bond remains outstanding, the City shall cause the Paying Agent/Registrar to keep at its Designated Payment/Transfer Office a register in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond to the Paying Agent/Registrar at the Designated Payment/Transfer Office with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register. A Bond may be assigned by the execution of an assignment form on the Bond or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. A new Bond or Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bond being transferred, at the Designated Payment/Transfer Office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, the Paying Agent/Registrar will issue such new Bond or Bonds not more than three (3)

Business Days after receipt of the Bond to be transferred in proper form and with proper instructions directing such transfer.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds in exchange for other Bonds in accordance with this Section. To the extent possible, the Paying Agent/Registrar will issue such new Bond or Bonds not more than three (3) Business Days after receipt of the Bond to be exchanged in proper form and with proper instructions directing such exchange.

(d) Each exchange Bond 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 Bond or Bonds in lieu of which such exchange Bond is delivered.

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

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

Section 3.07. Cancellation. All Bonds paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance shall be cancelled upon the making of proper records regarding such payment, redemption, exchange or replacement and shall be disposed of pursuant to the retention policies of the Paying Agent/Registrar.

Section 3.08. Temporary Bonds. (a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Ordinance.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar, the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bond or Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and authenticate and deliver in exchange therefor a Bond or Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bond or Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Bonds. (a) Upon the presentation and surrender to the Paying Agent/ Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor, maturity, principal amount and interest rate bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond 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 Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor, maturity, principal amount and interest rate bearing a number not contemporaneously outstanding, provided that the Owner first complies with the following requirements:

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

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

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

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

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

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its

discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable, or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond 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 Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 3.10. Book-Entry Only System. (a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof with the ownership of each such Bond registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/ Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. 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 Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds, for the purpose of all matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of, premium, if any, principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

Section 3.11. Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the City or the Paying Agent/ Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter between the City and DTC, and that it is in the best interest of the beneficial owners of the Bonds

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

Section 3.12. Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the representation letter of the City to DTC.

## ARTICLE IV

### REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption. The Bonds shall be subject to redemption before their scheduled maturity only as provided in this Article IV.

Section 4.02. Optional Redemption. (a) The City reserves the option to redeem Bonds maturing on and after February 15, 2026, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof before their respective scheduled maturity dates, on February 15, 2025, or on any date thereafter, such redemption date or dates to be fixed by the City, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption.

(b) If less than all of the Bonds are to be redeemed pursuant to an optional redemption, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity or maturities and in such principal amounts for redemption.

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

### Section 4.03. Mandatory Sinking Fund Redemption.

(a) The Bonds stated to mature on February 15, \_\_\_\_ (the "Term Bonds") are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out

of moneys available for such purpose in the Interest and Sinking Fund, on February 15 in the years and in the respective principal amounts as set forth in the following schedule:

Term Bonds Maturing February

Redemption Date <u>(February 15)</u>	Principal <u>Amount</u>
_____	_____
_____	_____
_____*	_____
_____	_____

\* Stated maturity.

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed, shall call such Term Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Term Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04. Partial Redemption. (a) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such a Bond is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Bond as though it were a single Bond for purposes of selection for redemption.

(b) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge, notwithstanding any provision of Section 3.06 to the contrary.

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

Section 4.05. Notice of Redemption to Owners. (a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register at the close of business on the Business Day next preceding the date of mailing such notice.

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

(c) The City reserves the right to give notice of its election or direction to redeem Bonds under Section 4.02, 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, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

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

Section 4.06. 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 Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise 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 Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office 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 Bond to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.04 of this Ordinance and subject, in the case of an optional redemption under Section 4.02, to any conditions or rights reserved by the City under Section 4.04(c), the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City defaults in its obligation to make provision for the payment of the principal thereof, redemption premium, if any, or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

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

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar. The Bank of New York Mellon Trust Company, N.A., is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

Section 5.02. Qualifications. Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas, 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 Bonds.

Section 5.03. Maintaining Paying Agent/Registrar. (a) At all times while any Bonds are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance. The Mayor is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar in the substantially final form presented at this meeting, the form, terms and provisions of which are hereby approved.

(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 Bonds.

Section 5.04. Termination. The City, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination, provided, that such

termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 5.05. 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 first class United States mail, 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 5.06. Agreement to Perform Duties and Functions. By accepting the appointment as Paying Agent/Registrar, and executing the Paying Agent/Registrar Agreement, 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 thereby.

Section 5.07. 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 Bonds to the successor Paying Agent/Registrar.

## ARTICLE VI

### FORM OF THE BONDS

Section 6.01. Form Generally. (a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to accompany the Initial Bond, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

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

(c) The definitive Bonds, if any, shall be typewritten, 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 Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02. Form of the Bonds. The form of the Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, to

accompany the Initial Bond, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bonds.

REGISTERED

REGISTERED

No. \_\_\_\_\_

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

United States of America  
State of Texas

CITY OF LEWISVILLE, TEXAS  
WATERWORKS AND SEWER SYSTEM  
REVENUE REFUNDING AND IMPROVEMENT BOND, SERIES 2015

INTEREST RATE:	MATURITY DATE:	CLOSING DATE:	CUSIP NO.
_____ %	February 15, _____	August 19, 2015	_____

The City of Lewisville, Texas (the "City"), in the Counties of Denton and Dallas, State of Texas, for value received, hereby promises to pay to

\_\_\_\_\_

or registered assigns, but solely from the sources and in the manner hereinafter provided, on the Maturity Date specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provision for such payment shall have been made, 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 February 15, 2016.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the corporate trust office in Dallas, Texas, of The Bank of New York Mellon Trust Company, N.A., as Paying Agent/Registrar (the "Designated Payment/Transfer Office"), or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, and will be mailed on or before such interest payment date, by first class United States mail, postage prepaid, 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 arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided,

however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last Business Day (as hereinafter defined) of the month next preceding such interest payment 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 date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days (as hereinafter defined) prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond 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 Bond is one of the series of fully registered bonds specified in its title issued in the aggregate principal amount of \$\_\_\_\_\_ (herein referred to as the "Bonds"), dated as of July 15, 2015, issued pursuant to the authority provided by Chapters 1207 and 1502, Texas Government Code, as amended, and a certain ordinance adopted by the governing body of the City (the "Ordinance"). Capitalized terms used herein and not otherwise defined shall have the meaning assigned thereto in the Ordinance. The Bonds are issued for the purposes of (i) paying costs related to improving and extending the City's waterworks and sewer system (the "System"), (ii) refunding certain outstanding revenue bonds of the City, and (iii) paying the costs of issuing the Bonds.

The Bonds, together with certain outstanding revenue bonds of the City (the "Bonds Similarly Secured"), constitute special obligations of the City and are payable solely from and equally secured by a first lien on and pledge of the Net Revenues of the System.

The City expressly reserves the right to issue additional revenue obligations in all things on a parity with the Bonds and the Bonds Similarly Secured, payable solely from and equally secured by a first lien on and pledge of the Net Revenues of the System; provided, however, that any and all such additional obligations may be so issued only in accordance with and subject to the covenants, conditions, limitations and restrictions relating thereto which are set out and contained in the Ordinance to which reference is hereby made for more complete and full particulars.

The owner hereof shall never have the right to demand payment of this Bond out of funds raised or to be raised by taxation.

The City has reserved the option to redeem the Bonds maturing on or after February 15, 2026, in whole or in part, before their respective scheduled maturity dates, on February 15, 2025, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Bonds are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof, within such maturity and in such principal amounts, for redemption.

The Bonds stated to mature on February 15, \_\_\_\_ (the "Term Bonds") are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on February 15 in the years and in the respective principal amounts as set forth in the Ordinance.

At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Term Bonds equal to the aggregate principal amount of such Term Bonds to be redeemed and shall call such Term Bonds for redemption on such scheduled mandatory redemption date.

The principal amount of the Term Bonds required to be redeemed on any mandatory sinking fund redemption date shall be reduced, at the option of the City, by the principal amount of any Term Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to an optional redemption and not previously credited to a mandatory sinking fund redemption.

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

In the Ordinance, the City reserves the right, in the case of an optional 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, and the rescission of such redemption shall not constitute an Event of

Default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default. Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond 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 Bonds 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.

Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond 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 Bond is registered on the "Record Date" or "Special Record Date," as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City, nor the Paying Agent/Registrar nor any other person shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds to render the same lawful and valid have been properly done and have happened in regular and due time, form and manner as required by law; that the Bonds do not exceed any constitutional or statutory limitation; and that provision has been made for the payment of the principal of and interest on the Bonds by irrevocably pledging the Net Revenues of the System, as hereinabove recited.

IN WITNESS WHEREOF, the City has caused this Bond to be executed in its name by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Secretary, and the official seal of the City has been duly impressed or placed in facsimile on this Bond.

\_\_\_\_\_  
Mayor, City of Lewisville, Texas

\_\_\_\_\_  
City Secretary, City of Lewisville, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such Certificate on the Initial Bond is fully executed.

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

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding special obligation of the City of Lewisville, Texas, and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, \_\_\_\_\_.

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

[SEAL]

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

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

CERTIFICATE OF PAYING/AGENT/REGISTRAR

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

The Bank of New York Mellon Trust  
Company, N.A.,  
as Paying Agent/Registrar

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

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

(d) Form of Assignment.

ASSIGNMENT

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

\_\_\_\_\_

(Social Security or other identifying number: \_\_\_\_\_) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to transfer the within Bond 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 Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

(e) The Initial Bond 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 Bond, the headings “INTEREST RATE” and “MATURITY DATE” shall both be completed with the words “As shown below” and the words “CUSIP NUMBER” deleted; and

(ii) in the first paragraph of the Bond, the words “on the Maturity Date specified above, the sum of \_\_\_\_\_ DOLLARS” shall be deleted and the following will be inserted: “on February 15 in each of the years, in the principal installments, and bearing interest at the per annum rates in accordance with the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rate”</u>
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(Information to be inserted from schedule in Section 3.02 of this Ordinance)

Section 6.03. CUSIP Registration. The City may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor’s Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect in regard to the legality thereof and neither the City nor bond counsel to the City are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04. Legal Opinion. The approving legal opinion of Bracewell & Giuliani LLP, Bond Counsel, may be printed on the reverse side of each Bond or attached to the Bonds over the certification of the City Secretary, which may be executed in facsimile.

## ARTICLE VII

### SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01. Sale of Bonds, Official Statement. The Bonds are hereby sold to the Underwriters pursuant to the terms and provisions of the Bond Purchase Agreement, the form, terms and provisions of which are hereby approved. The Mayor is hereby authorized and directed to execute and deliver the Bond Purchase Agreement to the Underwriters. The terms of the sale of the Bonds are the most advantageous reasonably available. The Bonds shall be initially registered in the name of the Representative, as provided in the Bond Purchase Agreement, or its designee.

(a) The form and substance of the Preliminary Official Statement, and any addenda, supplement or amendment thereto, and the final Official Statement (the “Official Statement”) presented to and considered at this meeting, are hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Mayor and City Secretary of the City are hereby authorized and directed to execute the same and deliver appropriate numbers of copies thereof to the Underwriters. The Official Statement as thus

approved and delivered, with such appropriate variations as shall be approved by the Mayor of the City and the Underwriters, may be used by the Underwriters in the public offering and sale thereof. The use and distribution of the Preliminary Official Statement in the public offering of the Bonds by the Underwriters is hereby ratified, approved and confirmed. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Official Statement and the preliminary public offering of the Bonds by the Underwriters is hereby ratified, approved and confirmed.

(b) All officers of the City are authorized to execute such documents, certificates and receipts, and to make such elections pertaining to the tax-exempt status of the Bonds, and to take such actions as they may deem appropriate in order to consummate the delivery of the Bonds.

(c) The obligation of the Underwriters to accept delivery of the Bonds is subject to the Underwriters being furnished with the final, approving opinion of Bracewell & Giuliani, LLP, Bond Counsel for the City, which opinion shall be dated and delivered the Closing Date.

Section 7.02. Control and Delivery of Bonds. (a) The Mayor of the City is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas, and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts of the State of Texas, delivery of the Bonds shall be made to the Underwriters under and subject to the general supervision and direction of the Mayor against receipt by the City of all amounts due to the City under the terms of sale.

(c) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Ordinance have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

Section 7.03. Deposit of Proceeds. On the Closing Date, the proceeds of the Bonds representing the principal amount thereof plus premium of \$ \_\_\_\_\_, and the City's contribution of \$ \_\_\_\_\_ shall be applied as follows:

(a) From the proceeds of the Bonds the amount of \$ \_\_\_\_\_ shall be deposited to a special construction fund of the City as directed by an authorized officer of the City, such moneys, including the investment earnings thereon, to be dedicated and used solely for the purposes described in Section 3.01(i).

(b) \$ \_\_\_\_\_, representing the City's contribution of \$ \_\_\_\_\_ plus \$ \_\_\_\_\_ principal amount of the Bonds plus premium of \$ \_\_\_\_\_, shall be deposited to the Escrow Fund and applied as provided in the Escrow Agreement.

(c) \$ \_\_\_\_\_ shall be applied to the payment of the costs of issuing the Bonds;  
and

(d) All amounts remaining in the construction fund after the completion of the improvements and extensions to the System and following payment of the costs of issuance, and, including investment earnings of the construction fund, shall be deposited to the Bond Fund as provided in Section 8.03.

## ARTICLE VIII

### FUNDS AND ACCOUNTS

Section 8.01. Special Funds. The City covenants and agrees that all revenues derived from the operation of the System shall be kept separate from other funds of the City. To that end, the establishment of the following special Funds is hereby confirmed and such Funds shall be maintained in an official depository bank of the City so long as any of the Bonds Similarly Secured are outstanding and unpaid, to-wit:

(a) “City of Lewisville Water and Sewer System Fund,” herein called the “System Fund”;

(b) “City of Lewisville Interest and Sinking Revenue Bond Fund,” herein called the “Bond Fund”; and

(c) “City of Lewisville Revenue Bond Reserve Fund,” herein called the “Reserve Fund.”

Section 8.02. System Fund. The City hereby covenants and agrees that Gross Revenues of the System (excluding earnings and income derived from investments held in the Bond Fund and Reserve Fund) shall be deposited as collected to the credit of the System Fund maintained at an official depository of the City, and such revenues of the System shall be kept separate and apart from all other funds of the City. All revenues deposited in the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

(a) To the payment of all necessary and reasonable Maintenance and Operating Expenses or required by statute to be a first charge on and claim against the Gross Revenues thereof.

(b) To the payment of the amounts required to be deposited in the Bond Fund established and maintained for the payment of Debt Service on the Bonds Similarly Secured as the same becomes due and payable.

(c) To the payment of the amounts required to be deposited in the Reserve Fund to accumulate and maintain therein the Required Reserve in accordance with the provisions of this Ordinance or any other ordinance relating to the issuance of Bonds Similarly Secured.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

Section 8.03. Bond Fund. For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same becomes due and payable, the City agrees to maintain at a depository bank of the City the Bond Fund as a separate and special account. In addition to the deposits to the Bond Fund for the payment of the Previously Issued Bonds, the City covenants that there shall be deposited into the Bond Fund prior to each principal payment date and Interest Payment Date from the Net Revenues an amount equal to one hundred per centum (100%) of the amount required to fully pay the interest on and the principal of the Bonds then falling due and payable by reason of maturity or redemption, and such deposits to pay principal of and accrued interest on the Bonds shall be made in substantially equal monthly installments on or before the last day of each month, beginning on or before the last day of the month next following the delivery of the Bonds to the initial purchaser thereof. If the Net Revenues in any month are then insufficient to make the required payments into the Bond Fund, then the amount of any deficiency in the payment shall be added to the amount otherwise required to be paid into the Bond Fund in the next month.

The required monthly deposits to the Bond Fund for the payment of principal of and interest on the Bonds shall continue to be made as hereinabove provided until (i) the total amount on deposit in the Bond Fund and the Reserve Fund is equal to the amount required to fully pay and discharge all Outstanding Bonds Similarly Secured (principal and interest) or (ii) the Bonds are no longer Outstanding.

Accrued interest, if any, received from the Underwriters, as well as any excess proceeds of the Bonds not required to complete the improvements and extensions to be made to the System and any earnings derived from the investment of moneys in the Bond Fund, shall be deposited to the credit of the Bond Fund and taken into consideration to reduce the amount of the monthly deposits hereinabove required to be deposited in the Bond Fund from the Net Revenues.

Section 8.04. Reserve Fund. For purposes of accumulating and maintaining funds as a reserve for the payment of the Bonds Similarly Secured, the City reaffirms its covenant with the owners of the Previously Issued Bonds and agrees with the Owners to maintain the Reserve Fund, and all funds deposited therein (excluding earnings and income derived or received from deposits or investments which may be transferred to the System Fund during such periods as there is on deposit in the Reserve Fund the Required Reserve) shall be used solely for the payment of the principal of and interest on the Bonds Similarly Secured when (whether at maturity, upon a mandatory redemption date or any interest payment date) other funds available for such purposes are insufficient, and, in addition, may be used to the extent not required to maintain the "Required Reserve," to pay, or provide for the payment of the final principal amount of a series of Bonds Similarly Secured so that such series of Bonds Similarly Secured is no longer deemed to be "Outstanding" as such term is defined herein.

In accordance with the provisions of the ordinances authorizing the issuance of the Previously Issued Bonds, the total amount ultimately required to be accumulated and maintained in the Reserve Fund is \$3,706,669 (the "Old Reserve"). By reason of the issuance of the Bonds,

the total amount required to be accumulated and maintained in the Reserve Fund is hereby determined to be \$\_\_\_\_\_ (the "Required Reserve") which amount is hereby found to equal or exceed the Average Annual Debt Service for the Bonds and the Previously Issued Bonds (calculated on a Fiscal Year basis as of the date the Bonds are to be delivered). In addition to the monthly deposits currently being made to accumulate the Old Reserve, the City agrees that beginning on or before the last day of the month next following the month the Bonds are delivered to the Underwriters and on or before the last day of each following month until the Required Reserve has been fully accumulated, there shall be deposited into the Reserve Fund from the Net Revenues an amount equal to at least 1/60th of the difference between the Required Reserve and the Old Reserve.

As and when Additional Parity Bonds are delivered or incurred, the Required Reserve shall be increased, if required, to an amount equal to not less than the Average Annual Debt Service (calculated on a Fiscal Year basis) for all Bonds Similarly Secured then Outstanding, as determined on the date each series of Additional Parity Bonds are delivered or incurred, as the case may be. Any additional amount required to be maintained in the Reserve Fund shall be so accumulated by the deposit in the Reserve Fund of all or any part thereof in cash immediately after the delivery of the then proposed Additional Parity Bonds, or, at the option of the City, by the deposit of monthly installments, made on or before the last day of each month following the month of delivery of the then proposed Additional Parity Bonds, of not less than 1/60th of the additional amount to be maintained in said Fund by reason of the issuance of the Additional Parity Bonds then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash).

When and so long as the cash and investments in the Reserve fund total not less than the Required Reserve, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve (other than as the result of the issuance of Additional Parity Bonds as provided in the preceding paragraph), the City covenants and agrees to cure the deficiency in the Required Reserve by resuming monthly deposits to said Fund from the Net Revenues; such monthly deposits to be in amounts equal to not less than 1/60th of the then total Required Reserve to be maintained in said Fund and to be made on or before the last day of each month until the total Required Reserve then to be maintained in said Fund has been fully restored. The City further covenants and agrees that, subject only to the payments to be made to the Bond Fund, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of Additional Parity Bonds.

During such time as the Reserve Fund contains the total Required Reserve, the City may, at its option, withdraw all surplus in the Reserve Fund in excess of the Required Reserve and deposit such surplus in the System Fund.

Section 8.05. Deficiencies in Funds. If on any occasion there shall not be sufficient Net Revenues to make the required deposits into the Bond fund and the Reserve Fund, then such deficiency shall be cured as soon as possible from the next available Net Revenues, or from any other sources available for such purpose.

Section 8.06. Excess Revenues. Subject to making the required deposits to the Bond Fund and the Reserve Fund when and as required by this Ordinance, or any ordinance authorizing the issuance of Additional Parity Bonds, the excess Net Revenues may be used by the City for any lawful purpose.

Section 8.07. Security of Funds. All moneys on deposit in the funds referred to in this Article shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

Section 8.08. Investment of Certain Funds. Money deposited to the credit of any Fund referenced in this Ordinance may, at the option of the City, be placed in time deposits or certificates of deposit secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or may be invested, including investments held in book-entry form, in direct obligations of the United States of America and obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by the full faith and credit or represent its general obligations; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value within forty-five (45) days of the close of each Fiscal Year and, with respect to investments held for the account of the Reserve Fund, within thirty (30) days of the date of passage of each ordinance authorizing the issuance of Additional Parity Bonds. All interest and income derived from deposits and investments in the Bond Fund immediately shall be credited to, and any losses shall be debited to, the Bond Fund. All interest and income derived from deposits and investments of the Reserve Fund shall, subject to the limitations provided in Section 8.04, be credited to and deposited in the System Fund. All such investments shall be sold promptly, when necessary, to prevent any default in connection with the Bonds.

Money deposited to the credit of any of the Funds referenced in this Ordinance, to the extent not invested, shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds.

## ARTICLE IX

### ADDITIONAL PARITY BONDS

Section 9.01. Additional Parity Bonds. Subject to the provisions hereinafter appearing as to conditions precedent which must be satisfied, the City reserves the right to issue, from time to time as needed, Additional Parity Bonds for any lawful purpose. Such Additional Parity Bonds may be issued in such form and manner as now or hereafter authorized by the laws of the State of Texas for the issuance of evidences of indebtedness or other instruments, and should new methods or financing techniques be developed that differ from those now available and in normal use, the City reserves the right to employ the same in its financing arrangements provided only that the following conditions precedent for the authorization and issuance of the same are satisfied, to wit:

(a) The Director of Finance of the City (or other officer of the City then having the primary responsibility for the financial affairs of the City) shall have executed a certificate stating (i) that, to the best of his or her knowledge or belief, the City is not then in default as to any covenant, obligation or agreement contained in any ordinance or other proceedings relating to any obligations of the City payable from and secured by a lien on and pledge of the Net Revenues that would materially affect the security or payment of such obligations and (ii) either (A) payments into all special funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a lien on and pledge of the Net Revenues have been made and that the amounts on deposit in such special funds or accounts are the amounts then required to be on deposit therein or (B) the application of the proceeds of sale of such obligations then being issued will cure any such deficiency.

(b) The Additional Parity Bonds shall be scheduled to mature or be payable as to principal on February 15 or August 15 (or both) in each year the same are to be outstanding or during the term thereof.

(c) The City has secured a certificate or opinion of a Certified Public Accountant to the effect that, according to the books and records of the City, the Net Earnings for the last completed Fiscal Year, or for twelve consecutive months out of the fifteen months, immediately preceding the month the ordinance authorizing the issuance of such Additional Parity Bonds is adopted, are at least equal to (i) 1.25 times the Average Annual Debt Service for all Outstanding Bonds Similarly Secured after giving effect to the issuance of the Additional Parity Bonds then being issued and (ii) 1.10 times the maximum annual Debt Service payment to be paid in a Fiscal Year for the Outstanding Bonds Similarly Secured after giving effect to the issuance of the Additional Parity Bonds then being issued. In making a determination of the Net Earnings, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Earnings are determined and, for purposes of satisfying the above Net Earnings test, make a pro forma determination of the Net Earnings of the System for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion.

Section 9.02. Refunding Bonds. The City reserves the right to issue refunding bonds to refund all or any part of the Bonds Similarly Secured (pursuant to any law then available) upon such terms and conditions as the City Council of the City may deem to be in the best interest of the City and its inhabitants, and if less than all such Bonds Similarly Secured then outstanding are refunded, the conditions precedent prescribed (for the issuance of Additional Parity Bonds) in Section 9.01(c) shall be satisfied and the Accountant's certificate or opinion required in Section 9.01(c) shall give effect to the Debt Service of the proposed refunding bonds (and shall not give effect to the Debt Service of the Bonds Similarly Secured being refunded following their cancellation or provision being made for their payment).

Section 9.03. Obligations of Inferior Lien and Pledge. The City hereby reserves the right to issue obligations payable from and secured by a lien on and pledge of the Net Revenues, junior and subordinate in rank and dignity to the lien and pledge securing the payment of the Bonds Similarly Secured, as may be authorized by the laws of the State of Texas.

## ARTICLE X

### REPRESENTATIONS AND COVENANTS

Section 10.01. Payment of Bonds and Additional Parity Bonds. While any of the Bonds are Outstanding, the City's Director of Finance (or other designated financial officer of the City) shall cause to be transferred to the Paying Agent/Registrar, from funds on deposit in the Bond Fund, and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly as each installment of interest and principal of the Bonds accrues or matures or comes due by reason of redemption prior to maturity; such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the Business Day next preceding the date of payment for the Bonds.

Section 10.02. Rates. For the benefit of the Owners and in addition to all provisions and covenants in the laws of the State of Texas and in this Ordinance, the City hereby expressly stipulates and agrees, while any of the Bonds are Outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient:

- (a) To pay Maintenance and Operating Expenses, depreciation charges and replacement and betterment costs;
- (b) To produce Net Revenues sufficient to pay the principal of and interest on the Bonds Similarly Secured and the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Bonds Similarly Secured, and other obligations or evidences of indebtedness issued or incurred that are payable only from and secured solely by a lien on and pledge of the Net Revenues.
- (c) To produce Net Revenues equal to at least 1.10 times the annual Debt Service for the Fiscal Year on the Outstanding Bonds Similarly Secured, and
- (d) To pay all other indebtedness payable from the Net Revenues and/or secured by a lien on the properties or the revenues of the System.

Section 10.03. Maintenance and Operation; Insurance. The City shall maintain the System in good condition and operate the System in an efficient manner and at reasonable cost. While any Bonds are Outstanding, the City agrees to maintain casualty and other insurance on the System of a kind and in an amount which usually would be carried by municipal corporations owning and operating similar properties. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than operation of the System, but nothing herein shall be construed as preventing the City from doing so.

Section 10.04. Records; Accounts; Accounting Reports. (a) The City hereby covenants and agrees that so long as any of the Bonds are Outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto, as provided by Chapter 1502, Texas Government Code, as amended. The Owners of any of the Bonds or any duly

authorized agent or agents of such Owners shall have the right at all reasonable times to inspect such records, accounts and data relating thereto, and to inspect the System and all properties comprising same. The City further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the accountant, shall particularly include the following:

- (i) A statement of the income and expenses of the System for such Fiscal Year;
- (ii) A balance sheet for the System as of the end of such Fiscal Year;
- (iii) A statement describing the sources and application of funds of the System for such Fiscal Year; and
- (iv) Accountant's comment regarding the manner in which the City has carried out the requirements of this Ordinance and any other ordinance authorizing the issuance of Additional Parity Bonds and his recommendations for any changes or improvements in the operations, records or accounts of the System.

(b) Expenses incurred in making an annual audit of the operations of the System are to be regarded as Maintenance and Operating Expenses. Copies of each annual audit shall be furnished to the Executive Director of the Municipal Advisory Council of Texas at such Executive Director's office in Austin, Texas, and, upon request, to the Underwriters of the Bonds and subsequent Owners of any of said Bonds. The audits herein required shall be made within one hundred twenty (120) days following the close of each Fiscal Year insofar as is possible.

Section 10.05. Sale or Lease of Properties. The City, to the extent and in the manner authorized by law, may sell or exchange for consideration representing the fair market value thereof, as determined by the City Council of the City, any property not necessary or required in the efficient operations of the System, or any equipment not necessary or useful in the operations thereof or which is obsolete, damaged or worn out or otherwise unsuitable for use in the operation of the System. The proceeds of any sale of properties of the System shall be deposited in the System Fund.

Section 10.06. Further Covenants. The City hereby further covenants and agrees as follows:

(a) It has the lawful power to pledge the Net Revenues to the payment of the Bonds to the extent provided herein and has lawfully exercised said power under the Constitution and laws of the State of Texas; that the Bonds, Previously Issued Bonds and Additional Parity Bonds shall be ratably secured under such pledge in such manner that one bond shall have preference over any other bond of said issues.

(b) The Net Revenues of the System have not been in any manner pledged or encumbered to the payment of any debt or obligation of the City or the System, save and except for the Previously Issued Bonds, the Bonds and with respect to revenues from the sale of water,

the payments by the City to the Greater Lewisville Water Supply Corporation pursuant to the Water Supply System Sale-Purchase-Financing Agreement, dated as of April 20, 1972, together with all amendments thereto.

(c) No free service of the System shall be allowed, and should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the City out of funds from sources other than the revenues and income of the System.

(d) To the extent that it legally may and so long as any of the Bonds are Outstanding, no franchise shall be granted for the installation or operation of any waterworks or sewer system other than those owned by the City, and the operation of any such system by anyone other than this City if hereby prohibited.

(e) The City will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorizations and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the System.

Section 10.07. Amendments. (a) This Ordinance shall constitute a contract with the Owners from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains outstanding, except as permitted in this Section.

(b) The City may, without the consent of or notice to any Owners of Bonds, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Owners of any Bonds, including the curing of any ambiguity, inconsistency, or formal defect or omission herein.

(c) In addition, the City may, with the written consent of Owners of Bonds owning a majority in aggregate principal amount of the Bonds Similarly Secured then Outstanding and affected thereby, amend, add to or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of outstanding Bonds, no such amendment, addition or rescission shall (i) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds or Bonds Similarly Secured, as the case may be, required for consent to any such amendment, addition or rescission.

Section 10.08. Federal Income Tax Exclusion. (a) General. The City intends that the interest on the Bonds 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 Treasury Regulations (the "Regulations"). The City covenants and agrees not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Bonds to be includable in the gross income, as defined in section 61 of the Code,

for federal income tax purposes 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 Bonds. In particular, the City covenants and agrees to comply with each requirement of this Section 10.08; provided, however, that the City shall not be required to comply with any particular requirement of this Section 10.08 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 Bonds or (ii) compliance with some other requirement set forth in this Section 10.08 will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel’s Opinion shall constitute compliance with the corresponding requirement specified in this Section 10.08.

(b) No Private Use or Payment and No Private Loan Financing. The City covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond 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 promulgated thereunder. Moreover, 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 Bonds are delivered, the proceeds of the Refunded Bonds have not been and the proceeds of the Bonds will not be used in a manner that would cause the Bonds to 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 that it has not and will not 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 Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code and the applicable Regulations promulgated thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The City covenants and agrees that it has not and will not 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 Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code and the applicable Regulations thereunder.

(e) No Arbitrage. The City covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations thereunder. Moreover, 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 Bonds are delivered, the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) Arbitrage Rebate. If the City 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, 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 Bonds (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 Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds 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 that do not represent gross proceeds of any bonds of the City, (ii) determine at such times as are required by the applicable Regulations, the amount earned from the investment of the gross proceeds of the Bonds 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 Bonds 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 Bonds 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.

(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 Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

(h) Record Retention. The City will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Refunded Bonds or the Bonds until three years after the last Bond is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of 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 Bonds by the Internal Revenue Service.

(i) Registration. The Bonds 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 10.08 will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

## ARTICLE XI

### DEFAULT AND REMEDIES

Section 11.01. Remedies in Event of Default. (a) In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (i) defaults in payments to be made to the Bond Fund and Reserve Fund as required by this Ordinance or (ii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, each an “Event of Default,” the Owner of any Bond shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the City Council and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

(b) No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive. Notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

## ARTICLE XII

### DISCHARGE

Section 12.01. Discharge. The Bonds may be refunded, defeased or discharged in any manner permitted by applicable law.

## ARTICLE XIII

### CONTINUING DISCLOSURE UNDERTAKING

Section 13.01. Annual Reports. (a) The City shall provide annually to the Municipal Securities Rulemaking Board within six (6) 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 final Official Statement, being the information described in Exhibit A hereto. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in Exhibit A hereto, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for the applicable Fiscal Year to the MSRB. Thereafter, when and if audited financial statements become available, the City shall provide such audited financial statements as required to the MSRB.

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

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

Section 13.02. Event Notices. (a) The City shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than 10 business days after the occurrence of the event:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults, if material;
- (iii) unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) substitution of credit or liquidity providers, or their failure to perform;
- (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) modifications to rights of Owners, if material;
- (viii) bond calls, if material and tender offers;
- (ix) defeasance;
- (x) release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) rating changes;
- (xii) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (xiii) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of 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

(xiv) appointment of a successor or additional paying agent/registrant or the change of name of a paying agent/registrant, if material.

For these purposes, any event described in the immediately preceding clause (xii) 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 United States 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 of business of the.

(b) The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 13.02 of this Ordinance by the time required by such Section.

Section 13.03. Limitations, Disclaimers and Amendments. (a) The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Article XII that causes Bonds no longer to be Outstanding.

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

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

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

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

(e) The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. The provisions of this Article may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Article, it shall include with any amended financial information or operating data next provided in accordance with Section 13.02 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

#### ARTICLE XIV

##### REDEMPTION OF REFUNDED BONDS; APPROVAL OF ESCROW AGREEMENT

###### Section 14.01. Appointment of Escrow Agent; Approval of Escrow Agreement.

The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, is hereby appointed as Escrow Agent for the Refunded Bonds. The Escrow Agreement, in substantially the form presented at this meeting and subject to such insertions and changes as may be required to conform the Escrow Agreement to the terms of the refunding of the Refunded Bonds. The Mayor of the City is hereby authorized and directed to execute and deliver the Escrow Agreement.

###### Section 14.02. Purchase of Securities for Escrow Fund.

The City Manager and the Finance Director of the City, each singly, are authorized to make necessary arrangements for the purchase of the Federal Securities referenced in the Escrow Agreement, including, without limitation, the execution of such documents, certificates or

instruments as may be necessary in connection therewith including the execution of subscriptions for the purchase of United States Treasury Securities - State and Local Government Series. All actions of such authorized officers taken prior to the date of this Ordinance in connection with making arrangements for the purchase of such Federal Securities are hereby ratified and affirmed.

Section 14.03. Redemption of Refunded Bonds.

The Refunded Bonds described on Schedule I are hereby called for redemption and shall be redeemed prior to their stated maturities on the respective dates and at the redemption prices set forth in Schedule I hereto. Following the deposit to the Escrow Fund as herein specified, the Refunded Bonds shall be payable solely from and secured by the cash and securities on deposit in the Escrow Fund.

Section 14.04. Notice of Redemption.

(a) The City Manager and the Finance Director of the City, each of them and singly, are hereby authorized to cause notice of redemption to be given to the Escrow Agent as paying agent/registrar for the Refunded Bonds, by delivering a copy of this Ordinance thereto. The Escrow Agent, as paying agent/registrar for the Refunded Bonds, is hereby authorized and directed to give notice of redemption with respect to the Refunded Bonds as required under the ordinances pursuant to which the Refunded Bonds were issued.

ARTICLE XV

EFFECTIVE IMMEDIATELY

Section 15.01. Effective Immediately. Notwithstanding the provisions of the City Charter, this Ordinance shall become effective immediately upon its adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

PASSED AND ADOPTED this July 20, 2015.

SCHEDULE I  
Refunded Obligations

(See attached schedule)

## EXHIBIT A

### DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION

The following information is referred to in Article XIII of this Ordinance.

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

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

1. The portions of the financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded Fiscal Year.
2. Statistical and financial data set forth in Tables 1 through 13, inclusive.

#### **Accounting Principles**

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

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.



(See "Continuing Disclosure of Information" herein)

**PRELIMINARY OFFICIAL STATEMENT**

Dated \_\_\_\_\_, 2015

**Ratings:**  
**S&P: Applied for**  
**Fitch: Applied for**  
**See "OTHER INFORMATION-Ratings"**

**NEW ISSUE - Book-Entry-Only**

In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds are not "private activity bonds." See "TAX MATTERS" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.

**THE BONDS WILL NOT BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS**

**\$12,105,000\***  
**CITY OF LEWISVILLE, TEXAS**  
**(Denton and Dallas Counties, Texas)**  
**WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2015**

**Dated Date: July 15, 2015**

**Due: February 15, as shown on Page 2**

**Interest to accrue from Date of Delivery**

**PAYMENT TERMS** . . . Interest on the \$12,105,000\* City of Lewisville, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015 (the "Bonds") will accrue from the date of delivery to the initial purchasers thereof (the "Date of Delivery"), will be payable on February 15 and August 15 of each year commencing February 15, 2016, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "THE BONDS - Book-Entry-Only System". The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "THE BONDS - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE** . . . The Bonds are issued pursuant to the general laws of the State of Texas (the "State"), particularly Chapters 1207 and 1502, Texas Government Code, as amended, and an ordinance (the "Ordinance") passed by the City Council and, together with outstanding parity revenue bonds (the "Previously Issued Bonds") and any additional parity revenue bonds (the "Additional Bonds"), are special obligations of the City of Lewisville, Texas (the "City"), payable, both as to principal and interest, solely from and secured by a first lien on and pledge of the Net Revenues of the City's Waterworks and Sewer System (the "System"). **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS - Authority for Issuance").

**PURPOSE** . . . Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding a portion of the City's outstanding waterworks and sewer system debt (the "Refunded Bonds") in order to lower the overall debt service requirements of the City (see "PLAN OF FINANCING - Refunded Bonds" for more detail and Schedule I for a detailed description of the Refunded Bonds), (ii) constructing, acquiring and installing improvements, additions and extensions to the City's waterworks and sewer system and (iii) paying the costs of issuing the Bonds.

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**CUSIP PREFIX: 528835**

**MATURITY SCHEDULE & 9 DIGIT CUSIP**  
**See Schedule on Page 2**

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**LEGALITY** . . . The Bonds are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell & Giuliani LLP, Bond Counsel, Dallas, Texas (see Appendix C, "Form of Bond Counsel's Opinion"). Certain matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, as Counsel to the Underwriters.

**DELIVERY** . . . It is expected that the Bonds will be available for delivery through DTC on August 19, 2015.

**RAYMOND JAMES**

**HUTCHINSON, SHOCKEY, ERLEY & Co.**

\* Preliminary, subject to change.

## MATURITY SCHEDULE\*

<u>15-Feb Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix<sup>(1)</sup></u>
2016	\$ 1,295,000			
2017	950,000			
2018	970,000			
2019	1,000,000			
2020	1,035,000			
2021	1,075,000			
2022	775,000			
2023	470,000			
2024	490,000			
2025	510,000			
2026	530,000			
2027	555,000			
2028	575,000			
2029	600,000			
2030	625,000			
2031	650,000			

**(Interest to accrue from the Date of Delivery)**

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, managed by Standard and Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services. Neither the City, the Financial Advisor nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

**OPTIONAL REDEMPTION OPTION . . .** The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").

\* Preliminary, subject to change.

This Official Statement, which includes the cover page and the Schedule and Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.

No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the City with respect to the Bonds that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.

The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise, or guarantee of the Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibility to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Neither the City, its Financial Advisor, nor the Underwriters make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE, AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

IN CONNECTION WITH THE OFFERING OF THE BONDS THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED MAY BE DISCONTINUED AT ANY TIME.

THE BONDS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE BONDS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE BONDS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

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The cover page hereof, this page, the schedule and appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

## OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

- THE CITY**..... The City of Lewisville, Texas (the "City"), is a political subdivision and municipal corporation of the State of Texas (the "State"), located in Denton and Dallas Counties, Texas. The City encompasses approximately 43 square miles (see "INTRODUCTION - Description of the City").
- THE BONDS**..... The Bonds are issued as \$12,105,000\* Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015. The Bonds are issued as serial bonds maturing on February 15 in the years 2016 through 2031 (see "THE BONDS - Description of the Bonds").
- PAYMENT OF INTEREST** ..... Interest on the Bonds accrues from the date of delivery to the initial purchasers thereof (the "Date of Delivery") and is payable February 15, 2016 and each August 15 and February 15 thereafter until maturity or prior redemption (see "THE BONDS - Description of the Bonds" and "THE BONDS - Optional Redemption").
- AUTHORITY FOR ISSUANCE**..... The Bonds are issued pursuant to the general laws of the State, including particularly Chapters 1207 and 1502, Texas Government Code, as amended and an Ordinance passed by the City Council of the City (see "THE BONDS - Authority for Issuance").
- SECURITY FOR THE BONDS** ..... The Bonds, together with the previously issued parity bonds and any additional bonds, constitute special obligations of the City, payable, both as to principal and interest, solely from and secured by a lien on and pledge of the net revenues of the City's Waterworks and Sewer System. **The City has not covenanted nor obligated itself to pay the Bonds from monies raised or to be raised from taxation** (see "THE BONDS - Security and Source of Payment").
- REDEMPTION** ..... The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE BONDS - Optional Redemption").
- TAX EXEMPTION** ..... In the opinion of Bond Counsel, under existing law, interest on the Bonds is excludable from gross income for federal income tax purposes and the Bonds are not "private activity bonds." See "TAX MATTERS" for a discussion of the opinion of Bond Counsel, including a description of the alternative minimum tax consequences for corporations.
- USE OF PROCEEDS** ..... Proceeds from the sale of the Bonds will be used for the purpose of (i) refunding a portion of the City's outstanding waterworks and sewer system debt (the "Refunded Bonds") in order to lower the overall debt service requirements of the City, (ii) constructing, acquiring and installing improvements, additions and extensions to the System and (iii) paying the costs of issuing the Bonds.
- RATINGS** ..... The presently outstanding waterworks and sewer system revenue debt of the City is rated "AAA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "AAA" by Fitch Ratings ("Fitch"), without regard to credit enhancement. Applications have been made to S&P and Fitch for contract ratings on the Bonds (see "OTHER INFORMATION - Ratings").
- BOOK-ENTRY-ONLY SYSTEM** ..... The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Bonds will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds (see "THE BONDS - Book-Entry-Only System").
- PAYMENT RECORD** ..... The City has never defaulted in payment of its bonds.

\* Preliminary, subject to change.

**SELECTED FINANCIAL INFORMATION**

Fiscal Year Ended	Estimated City Population <sup>(1)</sup>	Water Volume (Thousand Gallons)			Net Revenue Available For Debt Service	Maximum Debt Service Requirements	Coverage of Maximum Debt Service Requirements
		Average	Peak Day	Annual			
		Day	Day	Total			
2010	95,290	14,440	25,617	5,268,761	\$12,145,694	\$ 5,512,848	2.20x
2011	95,390	16,835	29,894	6,144,996	13,544,111	6,189,089	2.19x
2012	96,000	16,002	27,427	5,856,884	14,439,541	6,060,148	2.38x
2013	97,860	15,110	24,009	5,515,330	14,743,214	6,113,056	2.41x
2014	98,330	13,037	23,480	4,758,351	12,458,533	5,748,976	2.17x

(1) Source: City Officials.

For additional information regarding the City, please contact:

Brenda Martin  
 Director of Finance  
 City of Lewisville  
 151 W. Church Street  
 Lewisville, Texas 75057  
 (972) 219-3775

or

W. Boyd London, Jr.  
 Jason L. Hughes  
 First Southwest Company, LLC  
 325 N. St. Paul St.  
 Suite 800  
 Dallas, Texas 75201  
 (214) 953-4000

*(REMAINDER OF PAGE INTENTIONALLY LEFT BLANK)*

**CITY OFFICIALS, STAFF AND CONSULTANTS**

**ELECTED OFFICIALS**

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Rudy Durham Mayor	21 Years	May, 2018	Chief Appraiser Denton Central Appraisal District
R. Neil Ferguson Mayor Pro-Tem	3 Years	May, 2018	Technology Consultant
Greg Tierney Deputy Mayor Pro-Tem	12 Years	May, 2016	Owner Tierney's Café and Tavern
Leroy Vaughn Councilmember	4 Years	May, 2017	Owner Voninamillion Home Solutions
T.J. Gilmore Councilmember	4 Years	May, 2017	Regional Sales Account Executive ICON Voice Networks
Brent Daniels Councilmember	-*	May, 2016	Owner Bahama Buck's

\* Mr. Daniels won the May 9, 2015 election and will serve the remainder of the unexpired term.

**SELECTED ADMINISTRATIVE STAFF**

<u>Name</u>	<u>Position</u>	<u>Length of Service</u>
Donna Barron	City Manager	25 Years
Steve Bacchus	Assistant City Manager	39 Years
Melinda Galler	Assistant City Manager	27 Years
Eric Ferris	Assistant City Manager	28 Years
Brenda Martin	Director of Finance	9 Years
Julie Heinze	City Secretary	15 Years
Lizbeth Plaster	City Attorney	10 Years
Nika Reinecke	Economic Development Director	7 Years

**CONSULTANTS, ADVISORS AND INDEPENDENT AUDITORS**

Auditors ..... Weaver and Tidwell, LLP  
Dallas, Texas

Bond Counsel ..... Bracewell & Giuliani LLP  
Dallas, Texas

Financial Advisor..... First Southwest Company, LLC  
Dallas, Texas

## PRELIMINARY OFFICIAL STATEMENT

### RELATING TO

**\$12,105,000\***

### CITY OF LEWISVILLE, TEXAS WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING AND IMPROVEMENT BONDS, SERIES 2015

### INTRODUCTION

This Official Statement, which includes the Schedule and Appendices hereto, provides certain information regarding the issuance of \$12,105,000\* City of Lewisville, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015 (the "Bonds"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance (the "Ordinance") authorizing the issuance of the Bonds (see "SELECTED PROVISIONS OF THE ORDINANCE").

There follow in this Official Statement descriptions of the Bonds and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, First Southwest Company, LLC, Dallas, Texas.

**DESCRIPTION OF THE CITY . . .** The City is a political subdivision and municipal corporation of the State of Texas (the "State"), duly organized and existing under the laws of the State and the City's Home Rule Charter. The City was incorporated in 1925, and first adopted its Home Rule Charter in 1963; its Home Rule Charter was last amended in 2004. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers elected for three-year terms. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, tourism and general administrative services. The 2010 Census population for the City was 95,290; the estimated 2015 population is 99,313. The City encompasses approximately 43 square miles.

### PLAN OF FINANCING

**PURPOSE . . .** The Bonds are being issued for the purpose of (i) refunding a portion of the City's outstanding waterworks and sewer system debt (the "Refunded Bonds") in order to lower the overall debt service requirements of the City, (ii) constructing, acquiring and installing improvements, additions and extensions to the City's waterworks and sewer system (the "System") and (iii) paying the costs of issuing the Bonds. See Schedule I for a detailed listing of the Refunded Bonds and their call date at par.

**REFUNDED OBLIGATIONS . . .** The principal and interest due on the Refunded Bonds are to be paid on the scheduled interest payment dates and the redemption date of such Refunded Bonds, from funds to be deposited pursuant to a certain escrow agreement (the "Escrow Agreement") between the City and The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Escrow Agent"). The Ordinance provides that from the proceeds of the sale of the Bonds received from the Underwriters and other funds of the City, if any, the City will deposit with the Escrow Agent an amount which, together with the Federal Securities (defined below) purchased with a portion of the Bond proceeds and the interest to be earned on such Federal Securities, will be sufficient to accomplish the discharge and final payment of the Refunded Bonds on their redemption date. Such funds will be held by the Escrow Agent in a special escrow account (the "Escrow Fund") and used to purchase (i) direct noncallable obligations of the United States of America (the "United States"), including obligations that are unconditionally guaranteed by the United States or (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality, that, on the date the City adopts the Ordinance are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent (the "Federal Securities"). Under the Escrow Agreement, the Escrow Fund is irrevocably pledged to the payment of the principal of and interest on the Refunded Bonds.

Grant Thornton LLP, a nationally recognized accounting firm, will verify at the time of delivery of the Bonds to the Underwriters the mathematical accuracy of the schedules that demonstrate the Federal Securities will mature and pay interest in such amounts which, together with uninvested funds, if any, in the Escrow Fund, will be sufficient to pay, when due, the principal of and interest on the Refunded Bonds. **Such maturing principal of and interest on the Federal Securities will not be available to pay the Bonds** (see "OTHER INFORMATION - Verification of Arithmetical and Mathematical Computations").

\* Preliminary, subject to change.

By the deposit of the Federal Securities and cash, if necessary, with the Escrow Agent pursuant to the Escrow Agreement, the City will have effected the defeasance of all of the Refunded Bonds in accordance with the law. It is the opinion of Bond Counsel that as a result of such defeasance and in reliance upon the report of Grant Thornton LLP, the Refunded Bonds will be outstanding only for the purpose of receiving payments from the Federal Securities and any cash held for such purpose by the Escrow Agent and such Refunded Bonds will not be deemed as being outstanding obligations of the City payable from revenues of the System nor for the purpose of applying any limitation on the issuance of debt, and the City will have no further responsibility with respect to amounts available in the Escrow Fund for the payment of the Refunded Obligations from time to time, including any insufficiency therein caused by the failure to receive payment when due on the Federal Securities.

**SOURCES AND USES OF BOND PROCEEDS** . . . Proceeds from the sale of the Bonds, together with available City funds, if any, are expected to be expended as follows:

Principal Amount of Bonds	\$	-
Reoffering Premium		
Transfers from Prior Issue Debt Service Funds		
<b>TOTAL SOURCES</b>	<u>\$</u>	<u>-</u>
Deposit to Construction Fund	\$	-
Deposit to Escrow Fund		
Underwriters' Discount		
Costs of Issuance		
<b>TOTAL USES</b>	<u>\$</u>	<u>-</u>

### THE BONDS

**DESCRIPTION OF THE BONDS** . . . The Bonds are dated July 15, 2015, and mature on February 15 in each of the years and in the amounts shown on page 2 hereof. Interest on the Bonds will accrue from the date of delivery to the initial purchasers thereof (the "Date of Delivery"), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on February 15 and August 15 of each year, commencing February 15, 2016. The definitive Bonds will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. **No physical delivery of the Bonds will be made to the owners thereof.** Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "Book-Entry-Only System" herein.

**AUTHORITY FOR ISSUANCE** . . . The Bonds are issued pursuant to the general laws of the State of Texas, particularly Chapters 1207 and 1502, Texas Government Code, as amended, and the Ordinance.

**SECURITY AND SOURCE OF PAYMENT** . . . The Bonds are special obligations of the City and, together with certain outstanding revenue bonds of the City (the "Previously Issued Bonds") and any additional parity bonds (the "Additional Bonds") which may be issued in the future, payable, both as to principal and interest, solely from and secured by a lien on and pledge of the Net Revenues of the System. The Ordinance defines Net Revenues as the gross revenues of the System less Maintenance and Operating expenses. The Net Revenues are pledged to the payment of the Bonds, the Previously Issued Bonds and any Additional Bonds (collectively, "Bonds Similarly Secured"). See "SELECTED PROVISIONS OF THE ORDINANCE."

The City has outstanding Previously Issued Bonds secured by and payable from Net Revenues on parity with the Bonds, as follows:

Dated Date	Outstanding Debt <sup>(1)</sup>	Issue Description
5/15/2006	\$ 260,000	Waterworks and Sewer System Revenue Bonds, Series 2006
5/15/2008	5,945,000	Waterworks and Sewer System Revenue Bonds, Series 2008
6/1/2009	8,165,000	Waterworks and Sewer System Revenue Bonds, Series 2009
4/1/2011	9,370,000	Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2011
5/15/2012	4,715,000	Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2012
5/15/2013	4,685,000	Waterworks and Sewer System Revenue Bonds, Series 2013

(1) As of May 15, 2015. Excludes the Bonds and the Refunded Bonds.

The Bonds are not a charge upon any other income or revenues of the City and **shall never constitute an indebtedness or pledge of the general credit or taxing powers of the City**. The Ordinance does not create a lien or mortgage on the System, except the Net Revenues, and any judgment against the City may not be enforced by levy and execution against any property owned by the City.

**RESERVE FUND . . .** As additional security, a Reserve Fund is required to be maintained in an amount at least equal to the average annual debt service requirements of the outstanding Previously Issued Bonds, the Bonds and any Additional Bonds issued on a parity with the Bonds. Any additional amount required to be accumulated in the Reserve Fund by reason of the issuance of the Bonds will be funded over a sixty month period in accordance with the provisions of the Ordinance. The Reserve Fund may be funded in the amount of the Required Reserve by deposit of a Reserve Fund Surety Bond sufficient to provide such portion of the Required Reserve (see "SELECTED PROVISIONS OF THE ORDINANCE").

**RATES . . .** The City has covenanted in the Ordinance that it will at all times charge and collect amounts for services rendered by the System at rates sufficient to pay all operating, maintenance, replacement and improvement expenses, any other costs deductible in determining Net Revenues, to pay interest on and the principal of the Bonds Similarly Secured (as defined in the Ordinance), and to establish and maintain the funds provided for in the Ordinance. The City has further covenanted that, if the System should become legally liable for any other indebtedness, it will fix and maintain rates and collect charges for the services of the System sufficient to discharge such indebtedness.

**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 15, 2026, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar, or DTC while the Bonds are in Book-Entry-Only form), shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

**NOTICE OF REDEMPTION . . .** Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. In the Ordinance, the City reserves the right, in the case of an optional redemption, to give notice of its election 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, and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the City to make moneys and/or authorized securities available, in part or in whole, on or before the redemption date shall not constitute an Event of Default.

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. SUBJECT TO THE RIGHT OF THE CITY TO GIVE A CONDITIONAL NOTICE OF REDEMPTION AS DESCRIBED IN THE IMMEDIATELY PRECEDING PARAGRAPH, NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

**DEFEASANCE . . .** The Ordinance provides that the City may discharge its obligations to the registered owners of any or all of the Bonds to pay principal, interest and redemption price thereon in any manner permitted by law. Under current State law, such discharge may be accomplished by either (i) depositing with the Paying Agent/Registrar or any other lawfully authorized entity a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Bonds to maturity or prior redemption or (ii) by depositing with a paying agent, or other authorized escrow agent, amounts sufficient, together with the investment earnings thereon, to provide for the payment and/or redemption of the Bonds; provided, that under current law, such deposits may be invested and reinvested only in (a) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance

of refunding obligations, are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent, and (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated, on the date the governing body of the City adopts or approves the proceedings authorizing the issuance of refunding obligations, as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent. The foregoing obligations may be in Book-Entry-Only form, and shall mature and/or bear interest in such amounts as will be sufficient to provide for the scheduled payment and/or redemption of the Bonds. If any of such Bonds are to be redeemed prior to their respective dates of maturity, provision must have been made for giving notice of redemption as provided in the Ordinance.

Under current State law, upon such deposit as described above, the Bonds shall no longer be regarded to be outstanding for any purpose other than the payment thereof. After firm banking and financial arrangements for the discharge and final payment or redemption of the Bonds have been made as described above, all rights of the City to initiate proceedings to call the Bonds for redemption or take any other action amending the terms of the Bonds are extinguished; provided, however, that the right to call the Bonds for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Bonds for redemption; (ii) gives notice of the reservation of that right to the owners of the Bonds immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Bonds. Because the Ordinance does not contractually limit such investments, registered owners may be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law.

**ADDITIONAL BONDS . . .** The City may issue Additional Bonds payable from the Net Revenues which, together with the Previously Issued Bonds and the Bonds, shall be equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System, subject, however, to complying with certain conditions in the Ordinance. See "SELECTED PROVISIONS OF THE ORDINANCE" for terms and conditions to be satisfied for the issuance of Additional Bonds.

**BOOK-ENTRY-ONLY SYSTEM . . .** *This section describes how ownership of the Bonds is to be transferred and how the principal of, premium, if any, and interest on the Bonds are to be paid to and credited by The Depository Trust Company (“DTC”), New York, New York, while the Bonds 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 Official Statement. The City and the Underwriters believe the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

*The City and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Bonds, 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 Bonds), 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, 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 Bonds. The Bonds 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 Bonds, each in the aggregate principal amount of such maturity, and will be 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) and [www.dtc.org](http://www.dtc.org).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent/Registrar and request that copies of the notices be provided directly to them.

Redemption notices for the Bonds shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Bonds are required to be printed and delivered.

The City may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Bonds, as appropriate, will be printed and delivered.

**Use of Certain Terms in Other Sections of this Official Statement** . . . In reading this Official Statement it should be understood that while the Bonds are in the Book-Entry-Only System references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Bonds, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the City, the Financial Advisor or the Underwriters.

**Effect of Termination of Book-Entry-Only System . . .** In the event that the Book-Entry-Only System is discontinued, printed certificates will be issued to the DTC Participants or the holder, as the case may be, and such Bonds will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under "Transfer, Exchange and Registration" below.

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are duly paid, and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of the Bonds at stated maturity or earlier redemption will be paid to the registered owner at the stated maturity or earlier redemption, as applicable, upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. Interest on the Bonds will be payable by check, dated as of the interest payment date, and mailed by the Paying Agent/Registrar to registered owners as shown on the records of the Paying Agent/Registrar on the Record Date (see "Record Date for Interest Payment" herein), or by such other method acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal or interest on the Bonds is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment will be the next succeeding day which is not such a day, and payment on such date will have the same force and effect as if made on the date payment as due. So long as CEDE & Co. is the registered owner of the Bonds, payment of principal of and interest on the Bonds will be made as described in "Book-Entry-Only- System" above.

**PAYMENT . . .** Interest on the Bonds shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (defined below), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Bonds will be paid to the registered owner at their stated maturity or prior redemption date upon presentation to the designated payment/transfer office of the Paying Agent/Registrar. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

**TRANSFER, EXCHANGE AND REGISTRATION . . .** In the event the Book-Entry-Only System should be discontinued, the Bonds may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender thereof to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds may be assigned by the execution of an assignment form on the respective Bonds or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds will be delivered by the Paying Agent/Registrar, in lieu of the Bonds being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the registered owner or assignee of the registered owner not more than three business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate designated amount as the Bonds surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Bonds. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

**RECORD DATE FOR INTEREST PAYMENT . . .** The record date ("Record Date") for the interest payable on the Bonds on any interest payment date means the close of business on 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 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 ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

**BONDHOLDERS' REMEDIES . . .** The Ordinance authorizing the issuance of the Bonds establishes the following Events of Default with respect to the Bonds: (i) defaults in payments to be made to the Bond Fund and Reserve Fund as required by the Ordinance or (ii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Ordinance. Upon any happening of any Event of Default and except as otherwise provided in the Ordinance, any Owner or an authorized representative, thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under the Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained in the Ordinance, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners under the Ordinance or any combination of such remedies. The Ordinance allows, but does not provide for a trustee to enforce the covenants and obligations of the City. **In no event will registered owners have the right to have the maturity of the Bonds accelerated as a remedy.** The enforcement of any such remedy may be difficult and time consuming and a registered owner could be required to enforce such remedy on a periodic basis. No assurance can be given that a mandamus or other legal action to enforce a default under the Ordinance would be successful.

On June 30, 2006, the Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) ("*Tooke*") that a waiver of sovereign immunity must be provided for by statute in "clear and unambiguous" language. In so ruling, the Court declared that statutory language such as "sue and be sued", in and of itself, did not constitute a clear and unambiguous waiver of sovereign immunity. In *Tooke*, the Court noted the enactment in 2005 of sections 271.151-.160, Texas Local Government Code (the "Local Government Immunity Waiver Act"), which, according to the Court, waives "immunity from suit for contract claims against most local governmental entities in certain circumstances." The Local Government Immunity Waiver Act covers cities and relates to contracts entered into by cities for providing goods or services to cities. The City is not aware of any Texas court construing the Local Government Immunity Waiver Act in the context of whether contractual undertakings of local governments that relate to their borrowing powers are contracts covered by the Act. As noted above, the Ordinance provides that Bondholders may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in *Tooke*, and it is unclear whether *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas courts. In general, Texas courts have held that a writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have held that a ministerial act is defined as a legal duty that is prescribed and defined with a precision and certainty that leaves nothing to the exercise of discretion or judgment, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally-imposed ministerial duties necessary for the performance of a valid contract to which the State or a political subdivision of the State is a party (including the payment of monies due under a contract). Chapter 1371, Texas Government Code ("Chapter 1371"), which pertains to the issuance of public securities by issuers such as the City, permits the City to waive sovereign immunity in the proceedings authorizing its bonds, but in connection with the issuance of the Bonds, the City is not using the authority provided by Chapter 1371 and has not waived sovereign immunity in the proceedings authorizing the Bonds.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition. The opinion of Bond Counsel will note that the rights of holders of the Bonds 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.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Bonds upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("*Chapter 9*"). Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, such as the pledged Net Revenues, such provisions are subject to judicial construction. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Bondholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that the rights of holders of the Bonds 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.

## THE SYSTEM

### WATERWORKS SYSTEM

The City owns and operates a water treatment plant with a design capacity of 20 million gallons per day (MGD). The City obtains surface water from Lewisville Lake under terms of a contract with the City of Dallas, extended to 2016. Under the terms of the contract, the City takes as much water as needed from Lewisville Lake. Currently, the City pays \$0.5613 per 1,000 gallons for untreated water.

The City has a contract, extended to 2016, to purchase treated water from Dallas at a two-part rate of \$223,308 per MGD per year demand fee and \$0.3382 per 1,000 gallons volume rate. The City is connected to a transmission main developed for service to the neighboring city of The Colony. The City of Dallas will provide a maximum of 12.4 MGD treated water to the City from this 36" main. A second delivery point from the City of Dallas was completed in June 2005 with a current capacity of 6 MGD and design capacity of 12 MGD. A third 15 MGD water supply from the City of Dallas was completed August 2012. The three treated water supplies along with the untreated water supply of 20 MGD bring the City to a total current system capacity of 53.4 MGD.

The City also has an emergency reciprocal water connection with the City of Dallas to purchase water during system emergencies at a current flat rate of \$1.7339 per 1,000 gallons.

The City is a supporting member of the Upper Trinity Regional Water District (the "District") and is a participating member and owner of the joint intake structure in Lewisville Lake. The City has not entered into any contracts with the District for the purchase of water, but may do so in the future.

The City intends to follow its capital improvement program which calls for the use of \$12,000,000 from reserves and the issuance of \$58,355,000 of bonds, inclusive of the current issue, for waterworks system improvements over the next five years.

**TABLE 1 - HISTORICAL WATER CONSUMPTION (GALLONS)**

Fiscal Year Ended 9/30	Average Day	Peak Day	Total Water Treated and Purchased
2010	14,440,000	25,617,000	5,268,761,000
2011	16,835,000	29,894,000	6,144,996,000
2012	16,002,000	27,427,000	5,856,884,000
2013	15,110,000	24,009,000	5,515,330,000
2014	13,037,000	23,480,000	4,758,351,000

**TABLE 2 - TEN LARGEST WATER CUSTOMERS (BASED ON GALLONS CONSUMED)**

Customer	Water Usage	% of Total Water Usage	Water Revenue	% of Total Water Revenue
YES Companies, EXP	52,599,000	1.18%	\$ 158,616	1.01%
Digital Lewisville, LLC	40,455,000	0.90%	129,377	0.82%
G&I VI Oak Forest, LP	39,239,200	0.88%	120,856	0.77%
Bigelow Development Corporation	31,653,000	0.71%	94,671	0.60%
BRE CH Apartments, LLC	28,755,300	0.64%	85,817	0.54%
Chapel Hill Apartments	27,780,300	0.62%	97,796	0.62%
Colonial Village at Oak Bend	27,689,000	0.62%	84,230	0.53%
Ballantyne	27,428,000	0.61%	85,139	0.54%
Crescent Cove Apartments	26,557,800	0.59%	78,672	0.50%
MB Oaks at Lewisville, LP	23,956,000	0.54%	73,733	0.47%
	<u>326,112,600</u>	<u>7.29%</u>	<u>\$ 1,008,907</u>	<u>6.40%</u>

**TABLE 3 - MONTHLY WATER RATES (EFFECTIVE 11/1/13)**

The City rates are reviewed annually with updates implemented October 1 of each year, effective for billings mailed in November.

Residential and Commercial

First 2,000 gallons (Minimum bill varies with tap size):

Current Rates		Old Rates	
3/4" Meter	\$ 13.54	3/4" Meter	\$ 13.34
1" Meter	19.73	1" Meter	19.44
1 1/2" Meter	37.34	1 1/2" Meter	36.79
2" Meter	62.03	2" Meter	61.11
3" Meter	132.63	3" Meter	130.67
4" Meter	231.40	4" Meter	227.98
6" Meter	513.74	6" Meter	506.15
8" Meter	909.00	8" Meter	895.57
10" Meter	1,417.17	10" Meter	1,396.23
Volume charge per 1,000 gallons over minimum	\$2.80/1,000 gallons	Volume charge per 1,000 gallons over minimum	\$2.76/1,000 gallons

**WASTEWATER SYSTEM . . .** The City owns and operates a wastewater treatment plant and collection system. The wastewater treatment plant has a design flow of 15 MGD with a peak 2 hour flow of 45 MGD. The facility is a biological secondary treatment plant with average daily effluent flows of 7.99 MGD in fiscal year ended September 30, 2014.

**TABLE 4 - WASTEWATER USAGE (GALLONS)**

Fiscal Year Ended 9/30	Average Day (GPD)	Maximum Day (GPD)
2010	8,923,000	21,447,000
2011	7,832,000	13,677,000
2012	7,924,000	18,668,000
2013	7,178,000	13,682,000
2014	7,676,000	13,407,000

**TABLE 5 – TEN LARGEST SEWER CUSTOMERS (BASED ON GALLONS)**

Customer	Sewer Gallons	% of Total Sewer Gallons	Sewer Revenue	% of Total Sewer Revenue
YES Companies, EXP	52,599,000	1.79%	\$ 173,634	1.72%
Bigelow Development Corp	31,653,000	1.08%	104,493	1.04%
G&I VI Oak Forest, LP	31,299,000	1.07%	103,402	1.03%
BRE CH Apartments, LLC	27,903,000	0.95%	92,175	0.91%
Chapel Hill Apartments	25,128,000	0.86%	82,982	0.82%
MB Oaks at Lewisville, LP	23,956,000	0.82%	79,247	0.79%
A.V. Haventree Associates, LTD	23,831,000	0.81%	78,758	0.78%
Crescent Cove Apartments	22,031,000	0.75%	72,741	0.72%
Colonial Village at Oakbend	21,386,000	0.73%	70,612	0.70%
Ballantyne	21,043,000	0.72%	69,480	0.69%
	<u>280,829,000</u>	<u>9.58%</u>	<u>\$ 927,524</u>	<u>9.20%</u>

**TABLE 6 - MONTHLY SEWER RATES (EFFECTIVE 11/1/14)**

Single Family Dwelling:

Current customers' rates shall be based upon the four month winter average of monthly water consumption billed in the most recent December, January, February and March for such dwelling and charged:

Monthly Minimum Bill (2,000 gallons)	\$	8.20
Volume charge per 1,000 (over 2,000 gallons)	\$	3.30

Non-Single Family Dwellings:

Rates shall be based upon on hundred percent of each month's water consumption and charged:

Monthly Minimum Bill (2,000 gallons)	\$	8.20
Volume charge per 1,000 (over 2,000 gallons)	\$	3.30

New Customers:

All new residential customers shall be charged a flat fee of \$21.40 per month until the winter average can be established at the new dwelling.

All residential customers transferring their service to a new address in the City shall be charged based on their winter average at the prior service address until a new winter average is established at the new address.

Sewer Only Customers:

In instances where dwellings are not served by the City Waterworks System, the charge for services furnished by the City Sanitary Sewer Systems shall be a flat fee of \$21.40 per dwelling unit per month.

Wholesale Sewer Customers:

Wholesale customers shall be charged per thousand gallons of metered usage as follows:

Denton Fresh Water Supply District 1-A	\$3.37
----------------------------------------	--------

Industrial Surcharge:

The factors per 1,000 gallons for the industrial surcharge ordinance are \$0.003891 per mg/l of BOD and \$0.003244 per mg/l of TSS for industrial/commercial customers whose sewage strengths exceed the maximum allowance of 240 mg/l.

Transported Liquid Waste:

The rate of sewage transported by vehicle from within the corporate limits of the City is \$8.20 for the first 2,000 gallons. Points of collection are restricted to portable sanitary units and septic systems approved by the City. A volume charge of \$3.30 per 1,000 gallons, in excess of 2,000 gallons, shall be in addition the basic rate charged. The City may refuse any waste if material is non-conforming with pretreatment standards as adopted by the City of Lewisville.

Treated Wastewater Effluent Rates:

Effluent customers shall be charged a volume charge per 1,000 gallons of usage as follows:

Upper Trinity Regional Water District	\$0.16
---------------------------------------	--------

**DEBT INFORMATION**

**TABLE 7 - PRO-FORMA WATERWORKS AND SEWER SYSTEM REVENUE DEBT SERVICE REQUIREMENTS**

Fiscal Year Ended 9/30	Outstanding Debt Service <sup>(1)</sup>			The Bonds <sup>(2)</sup>			Total Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total		
	2015	\$ 4,230,000	\$ 1,518,976	\$ 5,748,976	\$ -	\$ -		
2016	3,440,000	1,178,923	4,618,923	1,295,000	391,753	1,686,753	6,305,675	
2017	3,290,000	1,052,629	4,342,629	950,000	373,850	1,323,850	5,666,479	
2018	3,420,000	927,573	4,347,573	970,000	349,800	1,319,800	5,667,373	
2019	2,845,000	812,260	3,657,260	1,000,000	320,250	1,320,250	4,977,510	43.34%
2020	2,575,000	718,073	3,293,073	1,035,000	289,725	1,324,725	4,617,798	
2021	2,670,000	628,369	3,298,369	1,075,000	252,700	1,327,700	4,626,069	
2022	2,770,000	532,491	3,302,491	775,000	215,700	990,700	4,293,191	
2023	2,880,000	427,382	3,307,382	470,000	190,800	660,800	3,968,182	
2024	2,985,000	313,836	3,298,836	490,000	171,600	661,600	3,960,436	79.16%
2025	2,300,000	210,925	2,510,925	510,000	151,600	661,600	3,172,525	
2026	1,385,000	137,981	1,522,981	530,000	130,800	660,800	2,183,781	
2027	1,435,000	80,706	1,515,706	555,000	109,100	664,100	2,179,806	
2028	715,000	36,516	751,516	575,000	86,500	661,500	1,413,016	
2029	430,000	10,750	440,750	600,000	63,000	663,000	1,103,750	97.42%
2030	-	-	-	625,000	38,500	663,500	663,500	
2031	-	-	-	650,000	13,000	663,000	663,000	100.00%
	<u>\$ 37,370,000</u>	<u>\$ 8,587,390</u>	<u>\$ 45,957,390</u>	<u>\$ 12,105,000</u>	<u>\$ 3,148,678</u>	<u>\$ 15,253,678</u>	<u>\$ 61,211,067</u>	

(1) Excludes the Refunded Bonds.

(2) Average life of the Bonds is 7.048 years. Interest is calculated at an average rate for purposes of illustration only. Preliminary, subject to change.

**TABLE 8 - AUTHORIZED BUT UNISSUED REVENUE BONDS**

As of May 15, 2015, the City has no authorized but unissued revenue debt.

**ANTICIPATED ISSUANCE OF REVENUE BONDS . . .** The City does not anticipate the issuance of additional Waterworks and Sewer System revenue bonds in the next 12 months.

**PENSION PLAN . . .** The City provides pension benefits for all its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

Upon retirement, benefits depend upon the sum of the employee's contributions, with interest, and the City-financed monetary credits, with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the inception of the City's plan, the City granted monetary credits for service rendered before the plan began (or prior service credits) of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest (3% annual), prior to establishment of the plan. Monetary credits for service since the plan began (or current service credits) are 200% of the employee's accumulated contributions. In addition, the City has granted on an annually repeating basis, another type of monetary credit referred to as an updated service credit. The updated service credit is calculated by taking the difference between this hypothetical account balance and the actual reserve balance. It is then increased by 3% each year not the actual interest credited to the member account in previous years, and increased by the City 2 to 1 match currently in effect. The resulting sum is then multiplied by 75% and compared to the member's prior year updated service credit balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the employee is granted a monetary credit (or updated service credit) equal to the difference between the hypothetical calculation and the actual calculation. At retirement, the benefit is calculated as if the sum of the employee's contributions with interest and the City-financed monetary credits with interest were used to purchase an annuity.

Members may choose to receive their retirement benefit in one of seven payment options: retiree life only; one of three lifetime survivor options; or one of three guaranteed term options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution (PLSD) in an amount equal to 12, 24, or 36 monthly payments under the retiree life only option, which cannot exceed 75% of the total member deposits and interest.

The City elected to increase the annuities (annuity increases) of its retirees on an annually or on an annually repeating basis, effective January 1 of a calendar year. The City has adopted annuity increases at the rate of 70% of the increase (if any) in the Consumer Price Index—all Urban Consumers (CPI-U) between the December preceding the member's retirement date and the December one year before the effective date of the increase, minus any previously granted increases.

A member is vested after five years and can retire at age 60 and above with five or more years of service or at any age with 20 years of service. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions - The contribution rate for employees is 7% of employee gross earnings and the City's matching ratio is currently 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by an actuary, using the Entry Age Normal (EAN) actuarial cost method (the EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate and the prior service cost contribution rate, both of which are calculated to be a level percent of payroll from year to year.

The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for the City. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as USC and annuity increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Contributions are made monthly by both the employees and the City. Since the City must know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e. December 31, 2013 valuation is effective for rates beginning January 2015).

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The annual pension costs and net pension obligation (asset) are as follows:

Net Pension Obligation			
	FY 2013-14	FY 2012-13	FY 2011-12
Annual required contribution (ARC)	\$ 7,530,047	\$ 7,552,936	\$ 7,838,904
Interest on net pension obligation	444,263	433,870	382,287
Adjustment to the ARC	(397,194)	(379,131)	(309,105)
Annual pension costs (APC)	\$ 7,577,116	\$ 7,607,675	\$ 7,912,086
Contributions made	(7,606,524)	(7,459,191)	(6,811,107)
Increase (decrease) in net pension obligation	\$ (29,408)	\$ 148,484	\$ 1,100,979
Net pension obligation, beginning of year	6,346,624	6,198,140	5,097,161
Net pension obligation, end of year	\$ 6,317,216	\$ 6,346,624	\$ 6,198,140

Three-Year Trend Information			
	FY 2013-14	FY 2012-13	FY 2011+12
	12/31/2013	12/31/2012	12/31/2011
Actuarial valuation date			
Annual pension cost (APC)	\$ 7,577,116	\$ 7,607,675	\$ 7,912,083
Actual contributions made	7,606,524	7,459,191	6,811,107
Percentage of APC contributed	100.4%	98.0%	86.1%
Net pension obligation	\$ 6,317,216	\$ 6,346,624	\$ 6,198,140

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Schedule of Actuarial Assumptions and Valuations			
	FY 2013-14	FY 2012-13	FY 2011-12
	12/31/2013	12/31/2012	12/31/2011
Valuation date			
Actuarial cost method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
Remaining amortization period	22.0 years; closed period	25.3 years; closed period	26.2 years; closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Actuarial assumptions:			
Investment rate of return	7.0%	7.0%	7.0%
Projected salary increases*	Varies by age and service	Varies by age and service	Varies by age and service
Cost-of-living adjustments	2.1%	2.1%	2.1%
*Includes inflation at	3.0%	3.0%	3.0%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The schedule of funding progress below presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

<b>Schedule of Actuarial Liabilities and Funding Progress</b>			
	FY 2013-14	FY 2012-13	FY 2011-12
	12/31/2013	12/31/2012	12/31/2011
Actuarial valuation date			
Actuarial value of assets	\$ 188,775,193	\$ 172,168,275	\$ 157,296,848
Actuarial accrued liability	236,230,579	211,137,970	198,973,790
Funded Ratio	79.9%	81.5%	79.1%
Unfunded (over-funded) Actuarial Accrued Liability (UAAL)	47,455,386	38,969,695	41,676,942
Annual covered payroll	42,533,394	40,454,089	39,830,706
UAAL as a percentage of covered payroll	111.6%	96.3%	104.6%

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

#### ***Other Post-Employment Benefits***

The City provides \$15,000 in life insurance upon retirement with ten years of service with the City. Prior to October 2, 2013, the City purchased fully paid life insurance policies upon retirement for eligible employees. Beginning October 1, 2013, the City opted to purchase life insurance through the City's group life insurance vendor. Premiums are now paid monthly for the coverage at a rate of \$1.50 per \$1,000 of coverage or \$22.50 per month. The City had fifteen eligible retirees in fiscal year 2013-14 resulting in an annual expenditure of \$1,373.

Lewisville OPEB Liability Trust Fund - The City established an irrevocable trust in 2008 for the systematic funding of post-employment health benefits as a single-employer, defined benefit plan. Plan assets may be used only for the payment or reimbursement of benefits provided to retirees, in accordance with the terms of the plan.

Summary of Significant Accounting Policies - Financial statements are prepared using the accrual basis of accounting. Plan member contributions are recognized when due. The City's contributions are recognized when due and the City has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value.

Plan Descriptions and Contribution Information - The City provides comprehensive group medical benefits for employees at retirement who meet the eligibility requirements for postretirement benefits. Eligibility requirements are (1) age 60 and 5 years of service with the City, or (2) 20 years of service with Texas Municipal Retirement System, the City's pension provider. Election must be made at time of retirement to remain in the plan. Continuation of coverage is subject to the payment of required contributions by participating retirees and dependents. The City contributes a fixed amount toward each retiree's monthly premium, based on the tenure with the City. The City's substantive plan places a zero percent (0%) cap on future contribution increases. The employee remains on the plan until age 65 when they are moved to a fully insured Medicare supplement plan. The City contributes a flat \$50 per month toward the retiree's fully insured premium.

Membership of the plan consists of the following at October 1, 2013, the date of the latest actuarial valuation:

Number of retirees and beneficiaries receiving benefit	90
Active plan members	634

Funding Status and Funding Progress - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The schedule of funding progress presents multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Schedule of Funding Status and Funding Progress

Actuarial Valuation Date	10/1/2013	10/1/2012	10/1/2011
Actuarial Value of Assets	\$ 3,743,700	\$ 3,333,200	\$ 2,738,100
Actuarial Accrued Liability (AAL)	4,614,500	4,787,900	5,118,100
Unfunded AAL (UAAL)	870,800	1,454,700	2,380,000
Funded Ratio	81.1%	69.6%	53.5%
Covered Payroll	42,175,565	40,159,835	41,107,984
UAAL as a Percentage of Covered Payroll	2.1%	3.6%	5.8%

The schedule of employer contributions present trend information about the amounts contributed to the plan by the City in comparison to the ARC, an amount that is actuarially determined in accordance with the parameters of GASB Statement 43. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

Schedule of Employer Contributions and Net OPEB Obligation

Contribution Year	9/30/2014	9/30/2013	9/30/2012
Annual Required Contribution	\$ 224,000	\$ 366,600	\$ 359,300
interest on net OPEB obligation			-
Adjustment to annual required contribution			-
Annual OPEB cost	\$ 224,000	\$ 366,600	\$ 359,300
Contributions made	224,000	366,600	359,300
Change in OPEB obligation	\$ -	\$ -	\$ -
Net OPEB obligation (asset)-beginning of year	-	-	-
Net OPEB obligation (asset)-end of year	\$ -	\$ -	\$ -
Percentage of annual OEB cost contributed	100.0%	100.0%	100.0%

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point.

The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspectives of the calculations.

Actuarial Assumptions

Valuation date	10/1/2013	10/1/2012	10/1/2011
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Dollar, Open	Level Dollar, Open	Level Dollar, Open
Amortization period	30 Years	30 Years	30 Years
Asset valuation method	Market	Market	Market
Actuarial assumptions:			
Investment rate of return	7.5%	7.5%	7.5%
General inflation	3.0%	3.0%	3.0%

Healthcare cost trend rate is assumed to be greater than 3% annually, however is not applicable for purposes of this valuation, since the City's future costs are set at a fixed amount.

The Lewisville OPEB Liability Trust Fund does not issue a separate financial report. Additional information can be found in the Agency and Trust Funds section of the City's Comprehensive Annual Financial Report.

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**FINANCIAL INFORMATION**

**TABLE 9 - CONDENSED STATEMENT OF OPERATIONS**

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
<u>Revenues:</u>					
Waterworks Sales	\$ 15,752,392	\$ 16,348,484	\$ 17,038,438	\$ 17,211,955	\$ 15,252,105
Sewer Sales	10,081,552	10,293,223	10,284,674	9,907,882	9,868,937
Tap Fees	46,392	30,825	20,507	35,227	27,170
Industrial Charges	158,819	177,368	133,198	80,534	132,662
Wholesale Water/Sewage Treatment	901,655	756,337	700,308	641,947	706,242
Reconnect and Sample Fees	223,960	191,714	198,717	195,065	159,554
Capital Recovery Fees	1,438,631	1,874,941	1,084,456	1,272,495	881,264
Miscellaneous / Other	19,195	203,572	25,893	12,337	81,358
Interest Revenues	173,481	120,530	286,958	269,639	211,973
Total Revenues	<u>\$ 28,796,077</u>	<u>\$ 29,996,994</u>	<u>\$ 29,773,149</u>	<u>\$ 29,627,081</u>	<u>\$ 27,321,265</u>
<u>Expenses:</u>					
Cost of Sales and Services	\$ 8,380,338	\$ 7,690,196	\$ 7,898,651	\$ 8,727,633	\$ 7,091,505
Administration	7,957,206	7,563,584	7,435,047	7,355,337	7,202,802
Total Expenses	<u>\$ 16,337,544</u>	<u>\$ 15,253,780</u>	<u>\$ 15,333,698</u>	<u>\$ 16,082,970</u>	<u>\$ 14,294,307</u>
Net Available for Debt Service	<u>\$ 12,458,533</u>	<u>\$ 14,743,214</u>	<u>\$ 14,439,451</u>	<u>\$ 13,544,111</u>	<u>\$ 13,026,958</u>
Water Customers	21,797	21,662	21,427	21,342	21,912
Sewer Customers	20,684	20,545	20,341	20,188	20,109

**TABLE 10 - COVERAGE AND FUND BALANCES<sup>(1)</sup>**

Average Annual Principal and Interest Requirements, 2015 - 2031	\$ 3,738,018
Coverage of Average Annual Requirements by 9/30/14 Net Available for Debt Service	3.333x
Maximum Principal and Interest Requirements, 2016	\$ 6,452,620
Coverage of Maximum Requirements by 9/30/14 Net Available for Debt Service	1.931x
Waterworks and Sewer System Revenue Bonds Outstanding, 9/30/14	\$ 41,650,000
Interest and Sinking Fund, 9/30/14	\$ 3,315,104
Utility Revenue Reserve Fund, 9/30/14	\$ 3,669,510

(1) Projected; excludes the Refunded Bonds; includes the Bonds being offered herein; Preliminary, subject to change.

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**TABLE 11 - VALUE OF THE SYSTEM**

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
Waterworks and Sewer System	\$269,503,994	\$262,826,367	\$240,958,696	\$237,180,481	\$235,476,982
Building and Land	4,265,104	4,265,104	4,265,104	4,265,104	4,066,464
Machinery and Equipment	4,538,871	4,561,671	4,224,505	4,106,095	3,837,340
Construction in Progress	25,662,714	12,904,268	25,903,371	19,089,174	13,499,324
Total Value	\$303,970,683	\$284,557,410	\$275,351,676	\$264,640,854	\$256,880,110
Less: Depreciation	89,376,654	83,491,668	77,817,093	72,427,427	67,115,555
Net System Value	\$214,594,029	\$201,065,742	\$197,534,583	\$192,213,427	\$189,764,555

**TABLE 12 - CITY'S EQUITY IN SYSTEM**

	Fiscal Year Ended September 30,				
	2014	2013	2012	2011	2010
<b>Resources:</b>					
Net System Value	\$214,594,029	\$201,065,742	\$197,534,583	\$192,213,427	\$189,764,555
Cash and Investments	62,517,888	73,960,770	71,655,381	71,059,457	65,154,708
Other Resources	4,615,046	5,179,480	5,474,881	5,490,564	4,697,680
Total Resources	\$281,726,963	\$280,205,992	\$274,664,845	\$268,763,448	\$259,616,943
<b>Obligations:</b>					
Revenue Bonds Payable	\$ 41,650,000	\$ 46,050,000	\$ 40,845,000	\$ 41,350,000	\$ 36,845,000
Other Obligations	10,641,789	10,518,959	15,183,360	15,692,410	15,361,836
Total Obligations	\$ 52,291,789	\$ 56,568,959	\$ 56,028,360	\$ 57,042,410	\$ 52,206,836
City's Equity in System	\$229,435,174	\$223,637,033	\$218,636,485	\$211,721,038	\$207,410,107
Percentage City's Equity in System	81.44%	79.81%	79.60%	78.78%	79.89%

**CAPITAL IMPROVEMENT PROGRAM – REVENUE BOND PROJECTS**

<u>Water and Sewer Capital Improvement Projects</u>	<u>FY 14/15</u>	<u>FY 15/16</u>	<u>FY 16/17</u>	<u>FY 17/18</u>	<u>FY 18/19</u>
	\$ 8,050,000	\$ 8,230,000	\$ 8,175,000	\$ 8,000,000	\$ 8,450,000

**FINANCIAL POLICIES**

***Basis of Accounting*** . . . The City's accounting records of the governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the accounting period in which they are available and measurable. Expenditures are recognized in the accounting period in which the fund liability occurred, if measurable, except for unmatured interest on general long-term debt.

Proprietary Fund revenues and expenses are recognized on the full accrual basis. Revenues are recognized in the accounting period in which they are earned. Expenses are recognized in the accounting period in which they are incurred.

***Fund Balances*** . . . It is the City's policy that all funds with outstanding long-term debt will maintain working capital resources at a minimum of 15% of operating expenditure budget.

***Use of Bond Proceeds*** . . . The City's policy is to use bonds for capital expenditures only. Such revenues are never to be used to fund normal City operations.

Budgetary Procedures . . . The City operates on an October through September fiscal year. Each year in July, the City Manager submits a budget of estimated revenues and expenditures to the City Council. Subsequently, the City Council will hold work sessions to discuss and amend the budget to coincide with their direction of the City. Various public hearings may be held to comply with state and local statutes. The City Council will adopt a budget prior to the start of the fiscal year. If the Council fails to adopt a budget then the existing budget will continue to be in effect.

During the fiscal year, budgetary control is maintained by verification of appropriation availability prior to all purchases. Actual operations are compared to the amounts set forth in the budget. Departmental appropriations that have not been expended lapse at the end of the fiscal year. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

## **INVESTMENTS**

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council. Both state law and the City's investment policies are subject to change.

**LEGAL INVESTMENTS** . . . Under State law, the City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities, including letters of credit; (2) direct obligations of the State of Texas or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State of Texas or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit and share certificates meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended) (i) that are issued by or through an institution that has its main office or a branch office in Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits; or (ii) where (a) the funds are invested by the City through (I) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law or (II) a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State; (9) securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than "A" or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (11) through (13) below, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less, (10) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least "A-1" or "P-1" or the equivalent by at least one nationally recognized credit rating agency, (11) commercial paper with a stated maturity of 270 days or less that is rated at least "A-1" or "P-1" or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (12) no-loan money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share and (13) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than "AAA" or its equivalent. In addition, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations, including letters of credit, of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

**INVESTMENT POLICIES . . .** Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the Public Funds Investment Act. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest for the reporting period each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) State law. No person may invest City funds without express written authority from the City Council.

**ADDITIONAL PROVISIONS . . .** Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt an ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the said ordinance or resolution; (3) require any investment officers' with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the registered principal of firms seeking to sell securities to the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude imprudent investment activities, and (c) deliver a written statement attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, Chief Financial Officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse repurchase agreement; (8) restrict its investment in mutual funds in the aggregate to no more than 15 percent of its monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service, and to invest no portion of bond proceeds, reserves and funds held for debt service, in mutual funds; and (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; (10) at least annually, review, revise and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

**TABLE 13 - CURRENT INVESTMENTS**

As of March 31, 2015, the City's investable funds were invested in the following categories:

Description	Market Value	% of	
		Portfolio	Book Value
TexPool	\$ 13,464,346	7.90%	\$ 13,464,346
Governmental Securities	157,038,848	92.10%	156,972,044
Total	<u>\$170,503,194</u>	<u>100.00%</u>	<u>\$170,436,390</u>

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## SELECTED PROVISIONS OF THE ORDINANCE

Selected provisions of the Ordinance are set forth below. Reference is hereby made to the Ordinance as adopted by the City Council for the complete terms and provisions pertaining to the Bonds.

Section 1.01. Definitions. Unless otherwise expressly provided or unless the context clearly requires otherwise, in this Ordinance, the following terms shall have the meanings specified below:

“Additional Parity Bonds” means revenue bonds or other evidences of indebtedness which the City reserves the right to issue or enter into, as the case may be, in the future in accordance with the terms and conditions provided in Section 9.01 of the Ordinance and which are equally and ratably secured by a first lien on and pledge of the Net Revenues.

“Average Annual Debt Service” means that amount which, at the time of computation, is derived by dividing the total amount of Debt Service to be paid over a period of years as the same is scheduled to become due and payable by the number of years taken into account in determining the total Debt Service. Capitalized interest payments provided from bond proceeds shall be excluded in making the aforementioned computation.

“Bond Fund” means the “City of Lewisville Interest and Sinking Revenue Bond Fund” described in Section 8.03 of this Ordinance.

“Bonds Similarly Secured” means, collectively, the Previously Issued Bonds, the Bonds and Additional Parity Bonds.

“Business Day” means any 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 is located are generally authorized or obligated by law or executive order to close.

“Debt Service” means, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the City as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear, or would have borne, interest at the highest rate reached, or that would have been applied to such obligations (using the index or measure for computing interest applicable to such obligations) during the twenty-four (24) month period next preceding the date of computation, and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to maturity, the principal amounts thereof will be redeemed prior to maturity in accordance with the mandatory redemption provisions applicable thereto.

“Fiscal Year” or “Year” means the twelve month account period used by the City in connection with the operation of the System which may be any twelve consecutive month period established by the City.

“Fund” means any fund established pursuant to this Ordinance or any ordinance authorizing the issuance of Bonds Similarly Secured.

“Gross Revenues” means 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 the investment or deposit of moneys in any special funds or accounts created and established by the City for the payment and security of the Bonds Similarly Secured and other obligations payable solely from and secured only by a lien on and pledge of the Net Revenues.

“Interest Payment Date” means the date or dates upon which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15 of each year, commencing February 15, 2016.

“Maintenance and Operating Expenses” means all current expenses of operating and maintaining the System, including 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 would 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, services or facilities for the System to the extent authorized by law and the provisions of such contracts.

“Net Earnings” means Gross Revenues of the System after deducting the Maintenance and Operating Expenses, but not depreciation charges or other expenditures which, under generally accepted accounting principles, should be treated as capital expenditures.

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

“Outstanding” when used in this Ordinance, means, as of the date of determination, all Bonds Similarly Secured theretofore sold, issued and delivered by the City, except:

(i) those Bonds Similarly Secured canceled or delivered by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation in connection with the exchange or transfer of such obligations;

(ii) those Bonds Similarly Secured paid or deemed to be paid in accordance with the provisions hereof; and

(iii) those Bonds Similarly Secured that have been mutilated, destroyed, lost, or stolen and replacement bonds have been registered and delivered in lieu thereof.

“Previously Issued Bonds” means the City’s presently Outstanding and unpaid revenue bonds payable from and secured by a first lien on and pledge of the Net Revenues.

“Prior Ordinances” means the ordinances that authorized the issuance of the Previously Issued Bonds.

“Required Reserve” means the amount required to be accumulated and maintained in the Reserve Fund under the provisions of Section 8.04 of the Ordinance.

“Reserve Fund” means the “City of Lewisville Revenue Bond Reserve Fund,” described in Section 8.04 of the Ordinance.

“System” means all properties, facilities and plants currently owned, operated and maintained by the City for the supply, treatment and transmission of treated potable water and the collection, treatment and disposal of water-carried wastes, together with all future extensions, improvements, replacements and additions thereto; provided, however, that notwithstanding the foregoing, and to the extent now or hereafter authorized or permitted by law, the term “System” shall not mean or include facilities of any kind which are declared not to be a part of the System and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of “Special Facilities Bonds,” which are hereby defined as being special revenue obligations of the City which are not Bonds Similarly Secured but which are payable from and secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of the Bonds Similarly Secured including, but not limited to, special contract revenues or payments received from any other legal entity in connection with such facilities.

“System Fund” means the “City of Lewisville Water and Sewer System Fund,” described in Section 8.02 of the Ordinance.

Section 2.01. Pledge. The City hereby covenants and agrees that the Net Revenues of the System, with the exception of those in excess of the amounts required for the payment and security of the Bonds Similarly Secured, are hereby irrevocably pledged, equally and ratably, to the payment and security of the Bonds Similarly Secured including the establishment and maintenance of the special funds created and established for the payment and security thereof, all as hereinafter provided, and it is hereby ordained that the Bonds Similarly Secured, and the interest thereon, shall constitute a first lien on the Net Revenues in accordance with the terms and provisions hereof and be valid and binding without further action by the City and without any filing or recording except for the filing of this Ordinance in the records of the City.

Section 2.02. Bonds Similarly Secured as Special Obligations. The Bonds Similarly Secured are special obligations of the City payable solely from the Net Revenues of the System, and the Owners thereof shall never have the right to demand payment thereof out of any other funds raised or to be raised by taxation.

Section 8.01. Special Funds. The City covenants and agrees that all revenues derived from the operation of the System shall be kept separate from other funds of the City. To that end, the establishment of the following special Funds is hereby confirmed and such Funds shall be maintained in an official depository bank of the City so long as any of the Bonds Similarly Secured are outstanding and unpaid, to-wit:

- (a) “City of Lewisville Water and Sewer System Fund,” herein called the “System Fund”;
- (b) “City of Lewisville Interest and Sinking Revenue Bond Fund,” herein called the “Bond Fund”; and
- (c) “City of Lewisville Revenue Bond Reserve Fund,” herein called the “Reserve Fund.”

Section 8.02. System Fund. The City hereby covenants and agrees that Gross Revenues of the System (excluding earnings and income derived from investments held in the Bond Fund and Reserve Fund) shall be deposited as collected to the credit of the System Fund maintained at an official depository of the City, and such revenues of the System shall be kept separate and apart from all other funds of the City. All revenues deposited in the System Fund shall be pledged and appropriated to the extent required for the following uses and in the order of priority shown:

- (a) To the payment of all necessary and reasonable Maintenance and Operating Expenses or required by statute to be a first charge on and claim against the Gross Revenues thereof.
- (b) To the payment of the amounts required to be deposited in the Bond Fund established and maintained for the payment of Debt Service on the Bonds Similarly Secured as the same becomes due and payable.
- (c) To the payment of the amounts required to be deposited in the Reserve Fund to accumulate and maintain therein the Required Reserve in accordance with the provisions of this Ordinance or any other ordinance relating to the issuance of Bonds Similarly Secured.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

Section 8.03. Bond Fund. For purposes of providing funds to pay the principal of and interest on the Bonds Similarly Secured as the same becomes due and payable, the City agrees to maintain at a depository bank of the City the Bond Fund as a separate and special account. In addition to the deposits to the Bond Fund for the payment of the Previously Issued Bonds, the City covenants that there shall be deposited into the Bond Fund prior to each principal payment date and Interest Payment Date from the Net Revenues an amount equal to one hundred per centum (100%) of the amount required to fully pay the interest on and the principal of the Bonds then falling due and payable by reason of maturity or redemption, and such deposits to pay principal of and accrued interest on the Bonds shall be made in substantially equal monthly installments on or before the last day of each month, beginning on or before the last day of the month next following the delivery of the Bonds to the initial purchaser thereof. If the Net Revenues in any month are then insufficient to make the required payments into the Bond Fund, then the amount of any deficiency in the payment shall be added to the amount otherwise required to be paid into the Bond Fund in the next month.

The required monthly deposits to the Bond Fund for the payment of principal of and interest on the Bonds shall continue to be made as hereinabove provided until (i) the total amount on deposit in the Bond Fund and the Reserve Fund is equal to the amount required to fully pay and discharge all Outstanding Bonds Similarly Secured (principal and interest) or (ii) the Bonds are no longer Outstanding.

Accrued interest received from the Underwriters, as well as any excess proceeds of the Bonds not required to complete the improvements and extensions to be made to the System and any earnings derived from the investment of moneys in the Bond Fund, shall be deposited to the credit of the Bond Fund and taken into consideration and reduce the amount of the monthly deposits hereinabove required to be deposited in the Bond fund from the Net Revenues.

Section 8.04. Reserve Fund. For purposes of accumulating and maintaining funds as a reserve for the payment of the Bonds Similarly Secured, the City reaffirms its covenant with the owners of the Previously Issued Bonds and agrees with the Owners to maintain the Reserve Fund, and all funds deposited therein (excluding earnings and income derived or received from deposits or investments which may be transferred to the System Fund during such periods as there is on deposit in the Reserve Fund the Required Reserve) shall be used solely for the payment of the principal of and interest on the Bonds Similarly Secured when (whether at maturity, upon a mandatory redemption date or any interest payment date) other funds available for such purposes are insufficient, and, in addition, may be used to the extent not required to maintain the "Required Reserve," to pay, or provide for the payment of the final principal amount of a series of Bonds Similarly Secured so that such series of Bonds Similarly Secured is no longer deemed to be "Outstanding" as such term is defined herein.

In accordance with the provisions of the ordinances authorizing the issuance of the Previously Issued Bonds, the total amount ultimately required to be accumulated and maintained in the Reserve Fund is \$ \_\_\_\_\_ (the "Old Reserve"). By reason of the issuance of the Bonds, the total amount required to be accumulated and maintained in the Reserve Fund is hereby determined to be \$ \_\_\_\_\_ (the "Required Reserve") which amount is hereby found to equal or exceed the Average Annual Debt Service for the Bonds and the Previously Issued Bonds (calculated on a Fiscal Year basis as of the date the Bonds are to be delivered). In addition to the monthly deposits currently being made to accumulate the Old Reserve, the City agrees that beginning on or before the last day of the month next following the month the Bonds are delivered to the initial purchasers and on or before the last day of each following month until the Required Reserve has been fully accumulated, there shall be deposited into the Reserve Fund from the Net Revenues an amount equal to at least 1/60th of the difference between the Required Reserve and the Old Reserve.

As and when Additional Parity Bonds are delivered or incurred, the Required Reserve shall be increased, if required, to an amount equal to not less than the Average Annual Debt Service (calculated on a Fiscal Year basis) for all Bonds Similarly Secured then Outstanding, as determined on the date each series of Additional Parity Bonds are delivered or incurred, as the case may be. Any additional amount required to be maintained in the Reserve Fund shall be so accumulated by the deposit in the Reserve Fund of all or any part thereof in cash immediately after the delivery of the then proposed Additional Parity Bonds, or, at the option of the City, by the deposit of monthly installments, made on or before the last day of each month following the month of delivery of the then proposed Additional Parity Bonds, of not less than 1/60th of the additional amount to be maintained in said Fund by reason of the issuance of the Additional Parity Bonds then being issued (or 1/60th of the balance of the additional amount not deposited immediately in cash).

When and so long as the cash and investments in the Reserve Fund total not less than the Required Reserve, no deposits need be made to the credit of the Reserve Fund; but, if and when the Reserve Fund at any time contains less than the Required Reserve (other than as the result of the issuance of Additional Parity Bonds as provided in the preceding paragraph), the City covenants and agrees to cure the deficiency in the Required Reserve by resuming monthly deposits to said Fund from the Net Revenues; such monthly deposits to be in amounts equal to not less than 1/60th of the then total Required Reserve to be maintained in said Fund and to be made on or before the last day of each month until the total Required Reserve then to be maintained in said Fund has been fully restored. The City further covenants and agrees that, subject only to the payments to be made to the Bond Fund, the Net Revenues shall be applied and appropriated and used to establish and maintain the Required Reserve and to cure any deficiency in such amounts as required by the terms of this Ordinance and any other ordinance pertaining to the issuance of Additional Parity Bonds.

During such time as the Reserve Fund contains the total Required Reserve, the City may, at its option, withdraw all surplus in the Reserve Fund in excess of the Required Reserve and deposit such surplus in the System Fund.

Section 8.05. Deficiencies in Funds. If on any occasion there shall not be sufficient Net Revenues to make the required deposits into the Bond Fund and the Reserve Fund, then such deficiency shall be cured as soon as possible from the next available Net Revenues, or from any other sources available for such purpose.

Section 8.06. Excess Revenues. Subject to making the required deposits to the Bond Fund and the Reserve Fund when and as required by this Ordinance, or any ordinance authorizing the issuance of Additional Parity Bonds, the excess Net Revenues may be used by the City for any lawful purpose.

Section 8.07. Security of Funds. All moneys on deposit in the funds referred to in this Article shall be secured in the manner and to the fullest extent required by the laws of the State for the security of public funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

Section 8.08. Investment of Certain Funds. Money deposited to the credit of any Fund referenced in this Ordinance may, at the option of the City, be placed in time deposits or certificates of deposit secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or may be invested, including investments held in book-entry form, in direct obligations of the United States of America and obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by the full faith and credit or represent its general obligations; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from any Fund will be available at the proper time or times. Such investments (except State and Local Government Series investments held in book entry form, which shall at all times be valued at cost) shall be valued in terms of current market value within forty-five (45) days of the close of each Fiscal Year and, with respect to investments held for the account of the Reserve Fund, within thirty (30) days of the date of passage of each ordinance authorizing the issuance of Additional Parity Bonds. All interest and income derived from deposits and investments in the Bond Fund immediately shall be credited to, and any losses shall be debited to, the Bond Fund. All interest and income derived from deposits and investments of the Reserve Fund shall, subject to the limitations provided in Section 8.04, be credited to and deposited in the System Fund. All such investments shall be sold promptly, when necessary, to prevent any default in connection with the Bonds.

Money deposited to the credit of any of the Funds referenced in this Ordinance, to the extent not invested, shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds.

Section 9.01. Additional Parity Bonds. Subject to the provisions hereinafter appearing as to conditions precedent which must be satisfied, the City reserves the right to issue, from time to time as needed, Additional Parity Bonds for any lawful purpose. Such Additional Parity Bonds may be issued in such form and manner as now or hereafter authorized by the laws of the State of Texas for the issuance of evidences of indebtedness or other instruments, and should new methods or financing techniques be developed that differ from those now available and in normal use, the City reserves the right to employ the same in its financing arrangements provided only that the following conditions precedent for the authorization and issuance of the same are satisfied, to wit:

(a) The Director of Finance of the City (or other officer of the City then having the primary responsibility for the financial affairs of the City) shall have executed a certificate stating (i) that, to the best of his or her knowledge or belief, the City is not then in default as to any covenant, obligation or agreement contained in any ordinance or other proceedings relating to any obligations of the City payable from and secured by a lien on and pledge of the Net Revenues that would materially affect the security or payment of such obligations and (ii) either (A) payments into all special funds or accounts created and established for the payment and security of all outstanding obligations payable from and secured by a lien on and pledge of the Net Revenues have been made and that the amounts on deposit in such special funds or accounts are the amounts then required to be on deposit therein or (B) the application of the proceeds of sale of such obligations then being issued will cure any such deficiency.

(b) The Additional Parity Bonds shall be scheduled to mature or be payable as to principal on February 15 or August 15 (or both) in each year the same are to be outstanding or during the term thereof.

(c) The City has secured a certificate or opinion of a Certified Public Accountant to the effect that, according to the books and records of the City, the Net Earnings for the last completed Fiscal Year, or for twelve consecutive months out of the fifteen months, immediately preceding the month the ordinance authorizing the issuance of such Additional Parity Bonds is adopted, are at least equal to (i) 1.25 times the Average Annual Debt Service for all Outstanding Bonds Similarly Secured after giving effect to the issuance of the Additional Parity Bonds then being issued and (ii) 1.10 times the maximum annual Debt Service payment to be paid in a Fiscal Year for the Outstanding Bonds Similarly Secured after giving effect to the issuance of the Additional Parity Bonds then being issued. In making a determination of the Net Earnings, the Accountant may take into consideration a change in the rates and charges for services and facilities afforded by the System that became effective at least sixty (60) days prior to the last day of the period for which Net Earnings are determined and, for purposes of satisfying the above Net Earnings test, make a pro forma determination of the Net Earnings of the System for the period of time covered by his certification or opinion based on such change in rates and charges being in effect for the entire period covered by the Accountant's certificate or opinion.

Section 9.02. Refunding Bonds. The City reserves the right to issue refunding bonds to refund all or any part of the Bonds Similarly Secured (pursuant to any law then available) upon such terms and conditions as the City Council of the City may deem to be in the best interest of the City and its inhabitants, and if less than all such Bonds Similarly Secured then outstanding are refunded, the conditions precedent prescribed (for the issuance of Additional Parity Bonds) in Section 9.01(c) shall be satisfied and the Accountant's certificate or opinion required in Section 9.01(c) shall give effect to the Debt Service of the proposed refunding bonds (and shall not give effect to the Debt Service of the Bonds Similarly Secured being refunded following their cancellation or provision being made for their payment).

Section 9.03. Obligations of Inferior Lien and Pledge. The City hereby reserves the right to issue obligations payable from and secured by a lien on and pledge of the Net Revenues, junior and subordinate in rank and dignity to the lien and pledge securing the payment of the Bonds Similarly Secured, as may be authorized by the laws of the State.

Section 10.01. Payment of Bonds and Additional Parity Bonds. While any of the Bonds are Outstanding, the City's Director of Finance (or other designated financial officer of the City) shall cause to be transferred to the Paying Agent/Registrar, from funds on deposit in the Bond Fund, and, if necessary, in the Reserve Fund, amounts sufficient to fully pay and discharge promptly as each installment of interest and principal of the Bonds accrues or matures or comes due by reason of redemption prior to maturity; such transfer of funds to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar for the Bonds at the close of the Business Day next preceding the date of payment for the Bonds.

Section 10.02. Rates. For the benefit of the Owners and in addition to all provisions and covenants in the laws of the State of Texas and in this Ordinance, the City hereby expressly stipulates and agrees, while any of the Bonds are Outstanding, to establish and maintain rates and charges for facilities and services afforded by the System that are reasonably expected, on the basis of available information and experience and with due allowance for contingencies, to produce Gross Revenues in each Fiscal Year sufficient:

- (a) To pay Maintenance and Operating Expenses, depreciation charges and replacement and betterment costs;
- (b) To produce Net Revenues sufficient to pay the principal of and interest on the Bonds Similarly Secured and the amounts required to be deposited in any reserve or contingency fund created for the payment and security of the Bonds Similarly Secured, and other obligations or evidences of indebtedness issued or incurred that are payable only from and secured solely by a lien on and pledge of the Net Revenues;
- (c) To produce Net Revenues equal to at least 1.10 times the annual Debt Service for the Fiscal Year on the Outstanding Bonds Similarly Secured; and
- (d) To pay all other indebtedness payable from the Net Revenues and/or secured by a lien on the properties or the revenues of the System.

Section 10.03. Maintenance and Operation; Insurance. The City shall maintain the System in good condition and operate the System in an efficient manner and at reasonable cost. While any Bonds are Outstanding, the City agrees to maintain casualty and other insurance on the System of a kind and in an amount which usually would be carried by municipal corporations owning and operating similar properties. Nothing in this Ordinance shall be construed as requiring the City to expend any funds which are derived from sources other than operation of the System, but nothing herein shall be construed as preventing the City from doing so.

Section 10.04. Records; Accounts; Accounting Reports. (a) The City hereby covenants and agrees that so long as any of the Bonds are Outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which complete and correct entries shall be made of all transactions relating thereto, as provided by Chapter 1502, Texas Government Code, as amended. The Owners of any of the Bonds or any duly authorized agent or agents of such Owners shall have the right at all reasonable times to inspect such records, accounts and data relating thereto, and to inspect the System and all properties comprising same. The City further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Each such audit, in addition to whatever other matters may be thought proper by the accountant, shall particularly include the following:

- (i) A statement of the income and expenses of the System for such Fiscal Year;
  - (ii) A balance sheet for the System as of the end of such Fiscal Year;
  - (iii) A statement describing the sources and application of funds of the System for such Fiscal Year; and
  - (iv) Accountant's comment regarding the manner in which the City has carried out the requirements of this Ordinance and any other ordinance authorizing the issuance of Additional Parity Bonds and his recommendations for any changes or improvements in the operations, records or accounts of the System.
- (b) Expenses incurred in making an annual audit of the operations of the System are to be regarded as Maintenance and Operating Expenses. Copies of each annual audit shall be furnished to the Executive Director of the Municipal Advisory Council of Texas at his office in Austin, Texas, and, upon request, to the initial purchasers of the Bonds and subsequent Owners of any of said Bonds. The audits herein required shall be made within one hundred twenty (120) days following the close of each Fiscal Year insofar as is possible.

Section 10.05. Sale or Lease of Properties. The City, to the extent and in the manner authorized by law, may sell or exchange for consideration representing the fair market value thereof, as determined by the City Council of the City, any property not necessary or required in the efficient operations of the System, or any equipment not necessary or useful in the operations thereof or which is obsolete, damaged or worn out or otherwise unsuitable for use in the operation of the System. The proceeds of any sale of properties of the System shall be deposited in the System Fund.

Section 10.06. Further Covenants. The City hereby further covenants and agrees as follows:

- (a) It has the lawful power to pledge the Net Revenues to the payment of the Bonds to the extent provided herein and has lawfully exercised said power under the Constitution and laws of the State; that the Bonds, Previously Issued Bonds and Additional Parity Bonds shall be ratably secured under such pledge in such manner that one bond shall have preference over any other bond of said issues.

(b) The Net Revenues of the System have not been in any manner pledged or encumbered to the payment of any debt or obligation of the City or the System, save and except for the Previously Issued Bonds, the Bonds and with respect to revenues from the sale of water, the payments by the City to the Greater Lewisville Water Supply Corporation pursuant to the Water Supply System Sale-Purchase-Financing Agreement, dated as of April 20, 1972, together with all amendments thereto.

(c) No free service of the System shall be allowed, and should the City or any of its agencies or instrumentalities make use of the services and facilities of the System, payment of the reasonable value thereof shall be made by the City out of funds from sources other than the revenues and income of the System.

(d) To the extent that it legally may and so long as any of the Bonds are Outstanding, no franchise shall be granted for the installation or operation of any waterworks or sewer system other than those owned by the City, and the operation of any such system by anyone other than this City if hereby prohibited.

(e) The City will comply with all of the terms and conditions of any and all franchises, permits and authorizations applicable to or necessary with respect to the System, and which have been obtained from any governmental agency; and the City has or will obtain and keep in full force and effect all franchises, permits, authorizations and other requirements applicable to or necessary with respect to the acquisition, construction, equipment, operation and maintenance of the System.

Section 10.07. Amendments. (a) This Ordinance shall constitute a contract with the Owners from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains outstanding, except as permitted in this Section.

(b) The City may, without the consent of or notice to any Owners of Bonds, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Owners of any Bonds, including the curing of any ambiguity, inconsistency, or formal defect or omission herein.

(c) In addition, the City may, with the written consent of Owners of Bonds owning a majority in aggregate principal amount of the Bonds Similarly Secured then Outstanding and affected thereby, amend, add to or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of outstanding Bonds, no such amendment, addition or rescission shall (i) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (ii) give any preference to any Bond over any other Bond, or (iii) reduce the aggregate principal amount of Bonds or Bonds Similarly Secured, as the case may be, required for consent to any such amendment, addition or rescission.

Section 11.01. Remedies in Event of Default. (a) In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (i) defaults in payments to be made to the Bond Fund and Reserve Fund as required by this Ordinance or (ii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance, each an "Event of Default," the Owner of any Bond shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the City Council and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

(b) No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive. Notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

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## **TAX MATTERS**

**TAX EXEMPTION** . . . In the opinion of Bracewell & Giuliani LLP, Bond Counsel, under existing law, (i) interest on the Bonds is excludable from gross income for federal income tax purposes and (ii) the Bonds are not “private activity bonds” under the Internal Revenue Code of 1986, as amended (the “Code”), and, as such, interest on the Bonds is not subject to the alternative minimum tax on individuals and corporations, except as described below in the discussion regarding the adjusted current earnings adjustment for corporations.

The Code imposes a number of requirements that must be satisfied for interest on state or local obligations, such as the Bonds, to be excludable from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of bond proceeds be paid periodically to the United States and a requirement that the issuer file an information report with the Internal Revenue Service (the “Service”). The City has covenanted in the Ordinance that it will comply with these requirements.

Bond Counsel’s opinion will assume continuing compliance with the covenants of the Ordinance pertaining to those sections of the Code that affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the City, the City’s Financial Advisor and the Underwriters with respect to matters solely within the knowledge of the City, the City’s Financial Advisor and the Underwriters, respectively, which Bond Counsel has not independently verified. Bond Counsel will further rely on the report (the “Report”) of Grant Thornton LLP, certified public accountants, regarding the mathematical accuracy of certain computations. If the City fails to comply with the covenants in the Ordinance or if the foregoing representations or Report should be determined to be inaccurate or incomplete, interest on the Bonds could become includable in gross income from the date of delivery of the Bonds, regardless of the date on which the event causing such inclusion occurs.

The Code also imposes a 20% alternative minimum tax on the “alternative minimum taxable income” of a corporation if the amount of such alternative minimum tax is greater than the amount of the corporation’s regular income tax. Generally, the alternative minimum taxable income of a corporation (other than any S corporation, regulated investment company, REIT or REMIC), includes 75% of the amount by which its “adjusted current earnings” exceeds its other “alternative minimum taxable income.” Because interest on tax-exempt obligations, such as the Bonds, is included in a corporation’s “adjusted current earnings,” ownership of the Bonds could subject a corporation to alternative minimum tax consequences.

Except as stated above, Bond Counsel will 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 Bonds.

Bond Counsel’s opinions are based on existing law, which is subject to change. Such opinions are further based on Bond Counsel’s knowledge of facts as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Bond Counsel’s attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, Bond Counsel’s opinions are not a guarantee of result and are not binding on the Service; rather, such opinions represent Bond Counsel’s legal judgment based upon its review of existing law and in reliance upon the representations and covenants referenced above that it deems 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 Bonds. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the City as the taxpayer and the Owners may not have a right to participate in such audit. Public awareness of any future audit of the Bonds could adversely affect the value and liquidity of the Bonds regardless of the ultimate outcome of the audit.

### **ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS**

**COLLATERAL TAX CONSEQUENCES** . . . Prospective purchasers of the Bonds 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 taxpayers otherwise qualifying for the health insurance premium assistance credit and individuals otherwise qualifying for the earned income 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 Bonds. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Bonds should also be aware that, under the Code, taxpayers are required to report on their returns the amount of tax-exempt interest, such as interest on the Bonds, received or accrued during the year.

**TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE PREMIUM . . .** The issue price of all or a portion of the Bonds may exceed the stated redemption price payable at maturity of such Bonds. Such Bonds (the "Premium Bonds") are considered for federal income tax purposes to have "bond premium" equal to the amount of such excess. The basis of a Premium Bond in the hands of an initial owner is reduced by the amount of such excess that is amortized during the period such initial owner holds such Premium Bond in determining gain or loss for federal income tax purposes. This reduction in basis will increase the amount of any gain or decrease the amount of any loss recognized for federal income tax purposes on the sale or other taxable disposition of a Premium Bond by the initial owner. No corresponding deduction is allowed for federal income tax purposes for the reduction in basis resulting from amortizable bond premium. The amount of bond premium on a Premium Bond that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Bond) is determined using the yield to maturity on the Premium Bond based on the initial offering price of such Bond.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Premium Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of amortized bond premium upon the redemption, sale or other disposition of a Premium Bond and with respect to the federal, state, local, and foreign tax consequences of the purchase, ownership, and sale, redemption or other disposition of such Premium Bonds.

**TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT BONDS . . .** The issue price of all or a portion of the Bonds may be less than the stated redemption price payable at maturity of such Bonds (the "Original Issue Discount Bonds"). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Bond, and (ii) the initial offering price to the public of such Original Issue Discount Bond constitutes original issue discount with respect to such Original Issue Discount Bond in the hands of any owner who has purchased such Original Issue Discount Bond in the initial public offering of the Bonds. Generally, such initial owner is entitled to exclude from gross income (as defined in Section 61 of the Code) an amount of income with respect to such Original Issue Discount Bond equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Bond continues to be owned by such owner. Because original issue discount is treated as interest for federal income tax purposes, the discussions regarding interest on the Bonds under the caption "TAX MATTERS – Tax Exemption" and "TAX MATTERS – Additional Federal Income Tax Considerations - Collateral Tax Consequences" and "-Tax Legislative Changes" generally applies, and should be considered in connection with the discussion in this portion of the Official Statement.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Bond prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Bond in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Original Issue Discount Bond was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Underwriters has purchased the Bonds for contemporaneous sale to the public and (ii) all of the Original Issue Discount Bonds have been initially offered, and a substantial amount of each maturity thereof has been sold, to the general public in arm's-length transactions for a price (and with no other consideration being included) not more than the initial offering prices thereof stated on the inside cover page of this Official Statement. Neither the City nor Bond Counsel has made any investigation or offers any comfort that the Original Issue Discount Bonds will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Bond accrues daily to the stated maturity thereof (in amounts calculated as described below for each six-month period ending on the date before the semiannual anniversary dates of the date of the Bonds and ratably within each such six-month period) and the accrued amount is added to an initial owner's basis for such Original Issue Discount Bond for purposes of determining the amount of gain or loss recognized by such owner upon the redemption, sale or other disposition thereof. The amount to be added to basis for each accrual period is equal to (i) the sum of the issue price and the amount of original issue discount accrued in prior periods multiplied by the yield to stated maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period) less (ii) the amounts payable as current interest during such accrual period on such Bond.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Bonds that are not purchased in the initial offering at the initial offering price may be determined according to rules that differ from those described above. All owners of Original Issue Discount Bonds should consult their own tax advisors with respect to the determination for federal, state, and local income tax purposes of interest accrued upon redemption, sale or other disposition of such Original Issue Discount Bonds and with respect to the federal, state, local and foreign tax consequences of the purchase, ownership, redemption, sale or other disposition of such Original Issue Discount Bonds.

**TAX LEGISLATIVE CHANGES . . .** Current law may change so as to directly or indirectly reduce or eliminate the benefit of the exclusion of interest on the Bonds from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Bonds. Prospective purchasers of the Bonds should consult with their own tax advisors with respect to any proposed, pending or future legislation.

## CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Bonds. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Bonds. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of certain specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at [www.emma.msrb.org](http://www.emma.msrb.org) <<http://www.emma.msrb.org/>>.

**ANNUAL REPORTS . . .** The City will provide certain updated financial information and operating data to the MSRB. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 13 and in Appendix B. The City will update and provide the information in Tables 1 through 13 within six months after the end of each fiscal year ending in and after 2015. The City will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2015. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation. The City may provide updated information in full text or may incorporate by reference documents available on EMMA or filed with the U.S. Securities and Exchange Commission (the "SEC"). While the City will not be obligated to provide financial statements until twelve months after fiscal year end, it intends to attempt to do so within six months after year end.

The City's current fiscal year end is September 30. Accordingly, the City must provide updated information included in the above-referenced tables by the last day of March in each year, and audited financial statements for the preceding fiscal year (or unaudited financial statements if the audited financial statements are not yet available) must be provided by September 30 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will file notice of the change (and of the date of the new fiscal year end) with the MSRB prior to the next date by which the City otherwise would be required to provide financial information and operating data as set forth above.

**CERTAIN EVENT NOTICES . . .** The City shall notify the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, of any of the following events with respect to the Bonds: (1) Principal and interest payment delinquencies; (2) Non-payment related defaults, if material; (3) Unscheduled draws on debt service reserves reflecting financial difficulties; (4) Unscheduled draws on credit enhancements reflecting financial difficulties; (5) Substitution of credit or liquidity providers, or their failure to perform; (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) Bond calls, if material, and tender offers; (9) Defeasances; (10) Release, substitution, or sale of property securing repayment of the Bonds, if material; (11) Rating changes; (12) Bankruptcy, insolvency, receivership or similar event of the City; (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 a successor or additional Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

For these purposes, any event described in the immediately preceding clause (12) 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 United States 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 of business of the City.

**AVAILABILITY OF INFORMATION . . .** All information and documentation filings required to be made by the City in accordance with its undertaking made for the Bonds will be made with the MSRB in electronic format in accordance with MSRB guidelines. Access to such filings will be provided by the MSRB, without charge to the general public, at [www.emma.msrb.org](http://www.emma.msrb.org).

**LIMITATIONS AND AMENDMENTS . . .** The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Bonds may seek a writ of mandamus to compel the City to comply with its agreement.

The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an underwriter to purchase or sell Bonds in the offering described herein 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 Bonds consent to the 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 Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the SEC Rule 15c2-12 or a court of final jurisdiction enters judgment that such provisions of the SEC Rule 15c2-12 are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds. If the City so amends the agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

**COMPLIANCE WITH PRIOR UNDERTAKINGS.** . . During the last five years, the City has complied in all material respects with its continuing disclosure agreements made by it with respect to bonds and obligations issued by the City and (i) secured by a first lien on and pledge of the Net Revenues of the System, and (ii) payable from a direct and continuing annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, in accordance with SEC Rule 15c2-12.

Additionally, the City entered into certain undertakings under SEC Rule 15c2-12 with respect to obligations issued by the City for the benefit of Lewisville Castle Hills Public Improvement District No. 5, Lewisville Castle Hills Public Improvement District No. 6 and Lewisville Castle Hills Public Improvement District No. 7 (collectively, the "Castle Hills Districts"). In those undertakings, the City undertook to provide financial and operating information relating to the Castle Hills Districts and the developer of the Castle Hills Districts that was provided to the City by the Castle Hills Districts. In 2015, the Castle Hills Districts failed to provide such financial and operating information to the City in time for the City to file such information with the EMMA system within the required time frame. Such information was subsequently filed approximately three months late.

The City has engaged First Southwest Company to \_\_\_\_\_  
\_\_\_\_\_.

## **OTHER INFORMATION**

### **RATINGS**

The presently outstanding waterworks and sewer system revenue debt of the City is rated "AAA" by S&P and "AAA" by Fitch, without regard to credit enhancement. Application have been made to S&P and Fitch for contract ratings on the Bonds. An explanation of the significance of such ratings may be obtained from the company furnishing the rating. The ratings reflect only the respective views of such organizations and the City makes no representation as to the appropriateness of the ratings. There is no assurance that such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by either of such rating companies, if in the judgment of any such company, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Bonds.

### **LITIGATION**

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

### **REGISTRATION AND QUALIFICATION OF BONDS FOR SALE**

The sale of the Bonds has not been registered under the federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2). The Bonds have not been approved or disapproved by the Securities and Exchange Commission, not has the United States Securities and Exchange Commission passed upon the accuracy or adequacy of the Official Statement. The Bonds have not been registered or qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Bonds been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Bonds under the securities laws of any jurisdiction in which the Bonds may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Bonds shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

## **LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS**

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Bonds are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Bonds by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Bonds be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "OTHER INFORMATION - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Bonds are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Bonds are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Bonds are legal investments for various institutions in those states.

## **LEGAL MATTERS**

The City will furnish a complete transcript of proceedings had incident to the authorization and issuance of the Bonds, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Bond and to the effect that the Bonds are valid and legally binding special obligations of the City, and based upon examination of such transcript of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law and the Bonds are not private activity bonds, subject to the matters described under "TAX MATTERS" herein. A form of such opinion is attached hereto as Appendix C. Bond Counsel was engaged by, and only represents, the City. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Bonds and the Ordinance in the Official Statement under the captions "PLAN OF FINANCING" (except under the subcaption "Sources and Uses of Bond Proceeds"), "THE BONDS" (except for the subcaptions "Bondholders' Remedies" and "Book-Entry-Only System" and except for the second paragraph under the subcaption "Security and Source of Payment"), "SELECTED PROVISIONS OF THE ORDINANCE," "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION" (except the subcaptions "Availability of Information" and "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Bonds for Sale," "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Matters" (except for the second paragraph thereof) under the caption "OTHER INFORMATION" and is of the opinion that the information relating to the Bonds and the Ordinance contained therein fairly and accurately describe the provisions thereof. The legal fees to be paid to Bond Counsel for services rendered in connection with the issuance of the Bonds are contingent on the sale and delivery of the Bonds. The legal opinion will accompany the Bonds deposited with DTC or will be printed on the Bonds in the event of the discontinuance of the Book-Entry-Only System. Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas, Counsel to the Underwriters, whose legal fee is contingent on the sale and delivery of the Bonds.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

## **FINANCIAL ADVISOR**

First Southwest Company is employed as Financial Advisor to the City in connection with the issuance of the Bonds. The Financial Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds. First Southwest Company, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Bonds, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

## **VERIFICATION OF ARITHMETICAL AND MATHEMATICAL COMPUTATIONS**

Grant Thornton LLP, a firm of independent public accountants, will deliver to the City, on or before the settlement date of the Bonds, its verification report indicating that it has verified, in accordance with attestation standards established by the American Institute of Certified Public Accountants, the mathematical accuracy of (a) the mathematical computations of the adequacy of the

cash and the maturing principal of and interest on the Federal Securities, to pay, when due, the maturing principal of, interest on and related call premium requirements, if any, of the Refunded Obligations and (b) the mathematical computations of yield used by Bond Counsel to support its opinion that interest on the Bonds will be excluded from gross income for federal income tax purposes. Such verification will be relied upon by Bond Counsel in rendering its opinions with respect to the exclusion from gross income of interest on the Bonds for federal income tax purposes and with respect to defeasance of the Refunded Obligations.

The verification performed by Grant Thornton LLP will be solely based upon data, information and documents provided to Grant Thornton LLP by First Southwest Company, LLC on behalf of the City. Grant Thornton LLP has restricted its procedures to recalculating the computations provided by First Southwest Company, LLC on behalf of the City and has not evaluated or examined the assumptions or information used in the computations.

#### **UNDERWRITING**

The Underwriters have agreed, subject to certain conditions, to purchase the Bonds from the City, at a price equal to the initial offering price to the public less an underwriting discount of \$\_\_\_\_\_. The Underwriters will be obligated to purchase all of the Bonds if any Bonds are purchased. The Bonds to be offered to the public may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than the public offering prices of such Bonds and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy of or completeness of such information.

#### **FORWARD-LOOKING STATEMENTS DISCLAIMER**

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

#### **MISCELLANEOUS**

The financial data and other information contained herein have been obtained from the City's records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

The Ordinance authorizing the issuance of the Bonds will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Bonds by the Underwriters.

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Mayor  
City of Lewisville, Texas

ATTEST:

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City Secretary  
City of Lewisville, Texas

**SCHEDULE OF REFUNDED BONDS\*****Waterworks and Sewer System Revenue Refunding and Improvement Bonds,  
Series 2005**

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>	<u>Amount Refunded</u>
4/15/2005	2/15/2016	4.500%	\$ 890,000	\$ 300,000
	2/15/2017	4.000%	290,000	100,000
	2/15/2018	4.000%	300,000	100,000
	2/15/2019	4.250%	315,000	105,000
	2/15/2020	4.300%	325,000	110,000
	2/15/2021	4.375%	340,000	115,000
			<u>\$ 2,460,000</u>	<u>\$ 830,000</u>

The 2016 and 2021 maturities will be redeemed prior to original maturity on August 25, 2015 at par.

**Waterworks and Sewer System Revenue Bonds, Series 2006**

<u>Original Dated Date</u>	<u>Original Maturity Date</u>	<u>Interest Rates</u>	<u>Amount Outstanding</u>	<u>Amount Refunded</u>
5/15/2006	2/15/2017	4.250%	\$ 270,000	\$ 270,000
	2/15/2018	4.375%	280,000	280,000
	2/15/2019	4.500%	295,000	295,000
	2/15/2020	4.600%	310,000	310,000
	2/15/2021	4.650%	325,000	325,000
	2/15/2022	4.625%	340,000	340,000
			<u>\$ 1,820,000</u>	<u>\$ 1,820,000</u>

The 2017 and 2022 maturities will be redeemed prior to original maturity on February 15, 2016 at par.

\* Preliminary, subject to change.

**APPENDIX A**

GENERAL INFORMATION REGARDING THE CITY

## THE CITY

The City of Lewisville was incorporated in 1925. The current charter was adopted in 1963 and amended as recently as 2004. Lewisville is a home-rule city and operates under the Council-Manager form of government. The City Council is comprised of the Mayor and five members and is responsible for enacting ordinances, resolutions and regulations governing the City. In addition, the City Council appoints the members of various boards and commissions, the City Manager, City Attorney, City Judge, and City Secretary. As chief administrative officer, the City Manager is responsible for implementing Council policies, overseeing municipal operation, and appointing and supervising the various department directors.

The City provides the full range of municipal services as authorized by statute or charter. This includes public safety (police and fire), streets, water and sewer utilities, sanitation, health and social services, parks and leisure services, public improvements, community development with planning and zoning, tourism and general administrative services.

The following list includes the major employers in the City:

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total City Employment</u>
JP Morgan Chase	4,350	7.55%
Lewisville Independent School District (Lewisville employment only)	2,087	3.62%
Vista Ridge Mall (all outlets)	1,980	3.44%
Nationstar Mortgage	1,440	2.50%
Wal-Mart (all City locations)	850	1.48%
Medical Center of Lewisville	780	1.35%
Xerox Corporation	755	1.31%
City of Lewisville	733	1.27%
Ally Financial	719	1.25%
Orthofix	596	1.03%
Total	<u>14,290</u>	<u>24.80%</u>

Source: City of Lewisville Economic Development and Budget Departments, Texas Workforce Commission and North Central Texas Council of Governments.

## ECONOMIC CONDITIONS AND OUTLOOK

The City of Lewisville continues to experience positive annual population and new commercial growth. Between the years 2000 to 2010, Lewisville's population increased by 22.6% from 77,737 to 95,290 per the official Census data of 2010. The current population estimate from the North Central Texas Council of Governments (NCTCOG) is 99,313. As Lewisville is primarily developed with little vacant land, the City has gained a tremendous number of infill development and redevelopment projects that has aided in the rejuvenation of the City's old housing stock. Estimates are for residential population to be approximately 111,000 at the time of build-out around 2030. Lewisville's daytime population is expected to exceed its residential population by 2030 due to the large number of employers located in Lewisville. With Lewisville's continued pro-business policies, the City maintains its economic prosperity. Highlights include:

- Majestic Airport Center is another master-planned business park with over 160 acres that will total more than 3 million square feet of Class A warehouse and distribution facilities. Phase I is complete, which includes DFW's first 1 million square foot speculative industrial building. Kellogg relocated their southwest regional distribution facility to Majestic Airport Center in 2012, occupying 1 million square feet and creating 300 new jobs. Jafra Cosmetics, Cabin Innovations, Hagemeyer North America Inc., Sonexus Health, and Ranger Air Aviation currently occupy the development, taking advantage of the Foreign Trade Zones and Triple Freeport exemption in place. Essilor of America is the newest addition to the Majestic Airport Center occupying 169,000 square feet with 90 employees. In addition, construction of a new 1.1 million square foot warehouse/flex space facility was completed in 2014 and is ready for occupancy. Planning is underway for an additional three (3) new mid-sized flex industrial buildings ranging from 250,000 to 400,000 square feet and will start construction in 2015.
- Industrial Developments International completed the 529,155 square foot Valley Parkway Distribution Center in 2013. The warehouse and distribution facility, located at the corner of Valley Parkway and Ace Lane, is being marketed for occupancy.

- Two new buildings totaling 400,000 square feet for warehouse/distribution facilities are currently under construction at Lakepointe Crossing on SH-121.

Revitalization of aging shopping centers has become a priority in Lewisville with three centers currently redeveloped or under construction.

- Birmingham Management completed their five million dollar revitalization of Lewisville West shopping center that included new architecture and tenants.
- Winco, a new grocery store, is expanding in Texas and chose Lewisville as one of their limited Metroplex locations. Old Orchard Village East shopping center is getting a facelift along with this new tenant. The project is under construction and is expected to be completed in the 2nd quarter of 2015. Project investment is estimated to be \$16 million.
- Vista Ridge Village shopping center has re-branded itself with new tenants adding 76,188 square feet of new retail including Shoe Carnival, Total Wine & More, Hobby Lobby, and Tuesday Morning.
- Other major retail additions to Lewisville in the past year have been Gander Mountain and Burke's Outlet.

#### MAJOR INITIATIVES

**Lewisville 2025 Vision**—The Lewisville 2025 Vision Plan commenced in March of 2013 on the heels of the City's 100<sup>th</sup> birthday in 2025 to establish a course for creating a community reflective of citizens values and aspirations. Public input and discussion garnered hundreds of ideas and suggestions from all stakeholders in the City. The planning project successfully ended with the adoption of the plan in June 2014 providing the City with a road map for future growth, prioritizing projects and strategies for action for the next 10 years.

**Major Roadway Projects** - Construction is ongoing on the Interstate Highway 35E expansion. The project will widen the interstate from 10 to 16 lanes between I-635 and US Highway 380. The expansion will include free lanes, managed/tolled lanes, and additional new frontage lanes. The City completed a two year project for a Corridor Redevelopment Plan to guide public improvements, private developments, business retention, and new business recruitment along the corridor. An extension of the plan, the I-35 Branding Plan, was developed to create aesthetic treatments and non-vehicular travel options at highly visible overpasses and underpasses.

The City also started design on two major thoroughfares to provide maximum connectivity in the City. Corporate Drive and Valley Ridge Boulevard will provide additional means of access to businesses and residents. Both projects were part of a funding partnership with Denton County.

**Brownfield Development** - Lewisville completed its first Brownfield program which was funded by a \$400,000 grant from the Environmental Protection Agency. The funds were used for 22 site assessments which aided in redevelopment efforts for several highly visible projects including a major shopping center renovation and an old shopping center demolition to make room for a new mixed use development in Old Town.

**Residential Growth** – The City issued 175 new building permits for single-family residences this year. A significant number of new residential subdivisions are underway in Lewisville including a 156 acre annexation of land into the City for a master planned community. The Castle Hills Fresh Water Districts also continue to grow in the City's extraterritorial jurisdiction. Other project of interest include:

- Highpoint Oak Estates has broken ground on an 85 unit single-family detached project on the southwest corner of Vista Ridge Mall Drive and Denton Tap Road. Home prices will start in the \$300,000 range.
- The Hills of Vista Ridge has broken ground on a 124 unit single-family development, with 72 unites on the northeast corner of Oakbend and Vista Ridge Mall Drive, and 52 units on the southeast corner of Oakbend and Vista Ridge Mall Drive.
- Ground work has begun to prepare the site for South Village, a 75 unit development in Old Town, south of Main Street, between Charles and Mill.
- Construction has begun on Wyndale Meadows, a 105 unit single-family development along FM 544 in east Lewisville.
- Work is underway on Crescent Estates, a 62 unit single-family development along Summit Lane.
- Plans have been approved for the 132 unit single-family development by DR Horton, called Verona, located on the north side of FM 407 next to McGee Lane.
- The City of Lewisville recently annexed property on the east and west side of Josey Lane, south of SH 121 and

north of FM 544. The property had previously been a part of the Town of Hebron. A total of 156 acres were annexed for a new single-family master planned development called Lakewood Hills. It is anticipated that up to 526 new single-family homes will be constructed on the site, with the development occurring on both sides of the east and west sides of Josey Lane.

**EDUCATION**

The Lewisville Independent School District (“LISD”) encompasses 13 communities and 127 square miles. LISD presently has 41 elementary schools, 15 middle schools, five high schools, five ninth and tenth grade campuses, two career centers, two learning centers, and a night high school. All LISD campuses received the “Met Standard” accountability rating by the Texas Education Agency. LISD also has six National Blue Ribbon Schools of Excellence, which is the highest designation a school can earn by the United States Department of Education. Serving more than 50,000 students, enrollment trends averaged 5% annual growth during the decade of fiscal year 1997 to 2007. Enrollment trends moderated given the recession and the districts maturing nature and has grown at about 1% annually over the last five fiscal years 2010 to 2015. The district expects continued growth between 250-300 new students annually until 2024.

<u>School Year</u>	<u>School Enrollment District Wide</u>
2002-03	42,922
2003-04	43,815
2004-05	45,335
2005-06	47,317
2006-07	48,890
2007-08	49,449
2008-09	50,038
2009-10	50,664
2010-11	51,298
2011-12	51,782
2012-13	52,314

**BUILDING PERMIT VALUES**

<u>Fiscal Year</u>	<u>Commercial</u>		<u>Residential</u>		<u>Other <sup>(2)</sup></u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
2011	211	\$ 210,975,650	184	\$ 15,631,885	417	\$ 2,663,612
2012	161	51,528,426	176	18,602,597	389	2,079,812
2013	166	61,598,837	340	32,552,007	458	2,485,927
2014	153	49,608,616	229	20,252,230	443	2,421,327
2015 <sup>(1)</sup>	66	53,609,321	156	27,012,437	101	1,724,300

(1) As of March 31, 2015.

(2) This section represents miscellaneous commercial and residential non-building permits that include, but are not limited to, demolitions, relocations, swimming pools, and fences.

**APPENDIX B**

EXCERPTS FROM THE  
CITY OF LEWISVILLE, TEXAS  
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2014

The information contained in this Appendix consists of excerpts from the City of Lewisville, Texas Annual Financial Report for the Year Ended September 30, 2014, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

**APPENDIX C**

**FORM OF BOND COUNSEL'S OPINION**

## Purchase Contract

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

City of Lewisville, Texas  
(Denton and Dallas Counties, Texas)  
Waterworks and Sewer System Revenue  
Refunding and Improvement Bonds, Series 2015

July 20, 2015

Mayor and Members of the City Council  
City of Lewisville, Texas  
151 W. Church Street  
Lewisville, Texas 75057

Ladies and Gentlemen:

The undersigned, Raymond James & Associates, Inc. (the "Representative"), acting on its own behalf and on behalf of Hutchinson, Shockey, Erley & Co. (collectively, the "Underwriters"), offers to enter into the following agreement with the City of Lewisville, Texas (the "Issuer") which, upon the Issuer's written acceptance of this offer (the "Contract"), will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Central time, on the date hereof, and, if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Contract shall have the same meanings set forth in the Bond Ordinance (as defined herein) or in the Official Statement (as defined herein). The Representative has been duly authorized by the Underwriters to execute this Contract and to act for the Underwriters in all capacities hereunder.

1. Purchase and Sale of the Bonds. Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree, jointly and severally, to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's \$\_\_\_\_\_ Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015 (hereinafter referred to as the "Bonds").

Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer acknowledges and agrees that: (i) the transaction described in by this Contract is an arm's length, commercial transaction between the Issuer and the Underwriters in which each Underwriter is acting solely as a principal and is not acting as a municipal advisor, financial advisor or fiduciary to the Issuer; (ii) the Underwriters have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction described herein and the discussions, undertakings and procedures leading thereto (irrespective of whether any Underwriter has provided other services or is currently providing other services to the Issuer on other matters); (iii) each Underwriter is acting solely in its capacity as underwriter for its own account, (iv) the only obligations the Underwriters have to the Issuer with respect to the transaction described herein expressly are set forth in this Contract; (v) the Issuer has consulted its own legal, accounting, tax, financial and

other advisors, as applicable, to the extent it has deemed appropriate; (vi) the Issuer recognizes that the Underwriters expect to profit from the acquisition and potential distribution of the Bonds; and (vii) the Underwriters have provided to the Issuer prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board (the "MSRB"), which have been received by the Issuer. The Issuer has engaged a registered municipal advisor to advise it on this transaction and has consulted its own financial, municipal, legal, accounting, tax and/or other advisors, as applicable, to the extent it deems appropriate.

The Bonds are to be issued, secured and sold under the provisions of an ordinance (the "Bond Ordinance") adopted by the City Council of the Issuer on July 20, 2015, and shall have the terms and features (including those with respect to price and rates) as set forth in the Bond Ordinance. The principal amount of the Bonds to be issued, the dated date therefor, the maturities, redemption provisions, yields and interest rates per annum are set forth in Schedule I attached hereto. The Bonds shall otherwise have such terms and provisions as set forth and described in the Official Statement referred to below.

The purchase price for the Bonds shall be \$\_\_\_\_\_ (representing the principal amount of the Bonds, plus a[n] [net] original issue premium of \$\_\_\_\_\_ and less an underwriting discount of \$\_\_\_\_\_).

Delivered to the Issuer herewith as a good faith deposit is a corporate check of the Representative payable to the order of the Issuer in the amount of \$121,050. In the event the Issuer accepts this Contract, such check shall be held uncashed by the Issuer until the time of Closing (as defined herein), at which time such check shall be returned uncashed to the Representative. In the event that the Issuer does not accept this Contract, such check will be immediately returned to the Representative. Should the Issuer fail to deliver the Bonds at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Bonds, as set forth in this Contract (unless waived by the Underwriters), or should such obligations of the Underwriters be terminated for any reason permitted by this Contract, such check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted hereunder) to purchase, accept delivery of and pay for the Bonds at the Closing as herein provided, such check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages for such failure of the Underwriters, and, except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this Contract shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters. Immediately following the Closing, the Issuer shall return the good faith check to the Representative.

2. Public Offering. The Underwriters agree to make a bona fide public offering of all of the Bonds at a price or yield not to exceed the public offering prices or yields set forth on page 2 of the Official Statement and may subsequently change such offering prices or yields without any requirement of prior notice. The Underwriters may offer and sell Bonds to certain dealers (including dealers depositing Bonds into investment trusts) and others at prices or yields lower than the public offering prices or yields stated on page 2 of the Official Statement;

provided that on or before the Closing, the Representative shall execute and deliver to Bracewell & Giuliani LLP, Dallas, Texas ("Bond Counsel") an issue price certificate for the Bonds prepared by Bond Counsel verifying the initial offering prices to the public at which the Underwriters reasonably expected to sell or in fact sold a substantial amount of each stated maturity of the Bonds to the public.

3. The Official Statement.

(a) Preliminary Official Statement. The Issuer previously has delivered, or caused to be delivered, copies of a Preliminary Official Statement, dated [July 13], 2015, relating to the Bonds (the "Preliminary Official Statement"), to the Underwriters for their use in determining interest in the Bonds. The Issuer prepared the Preliminary Official Statement for use by the Underwriters in connection with the public offering, sale and distribution of the Bonds. The Issuer hereby ratifies and approves the use by the Underwriters of the Preliminary Official Statement prior to the date hereof, and until the availability of the final Official Statement, in connection with the public offering of the Bonds. The Issuer hereby represents and warrants that it deemed the Preliminary Official Statement final, within the meaning of Rule 15c2-12 issued by the United States Securities and Exchange Commission under the Securities Exchange Act of 1934 (the "Rule"), as of its date, except for the omission of information specified in Section (b)(1) of the Rule, as permitted by Section (b)(1) of the Rule. The Issuer hereby confirms that it does not object to the distribution of the Preliminary Official Statement in electronic form.

(b) Final Official Statement. The Issuer shall prepare and provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Contract (but, in any event, not later than within seven business days after the Issuer's acceptance of this Contract and in sufficient time to accompany any confirmation that requests payment from any customer) a final Official Statement which is complete as of the date of its delivery to the Underwriters, in such quantity and formats as the Representative shall reasonably request, and in any event in a "designated electronic format" (as defined in MSRB Rule G-32), in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB. Such final Official Statement shall be substantially in form of the Preliminary Official Statement, with only such changes therein as shall have been accepted by the Underwriters or as shall be permitted by the Rule or the rules of the MSRB. Such final Official Statement, including the cover page, all exhibits, appendices, maps, pictures, diagrams, reports and statements included or incorporated therein or attached thereto, and any amendments and supplements thereto that may be authorized for use with respect to the Bonds, is herein referred to as the "Official Statement." The Issuer hereby authorizes the Underwriters to use the Official Statement and the information contained therein in connection with the public offering and the sale of the Bonds. The Issuer hereby confirms that it does not object to the distribution of the Official Statement in electronic form. If, for any reason, the Issuer is unable or otherwise fails to deliver the final Official Statement to the Underwriters in compliance with this paragraph, the Issuer shall deliver the Preliminary Official Statement, including all amendments and supplements thereto, to the Underwriters in a "designated electronic format" at least one business day before the date of the Closing.

(c) If, after the date of this Contract to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period", as

defined in the Rule, and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Bonds), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements therein, not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Underwriters (and for the purposes of this clause provide the Underwriters with such information as the Representative may from time to time reasonably request), and if, in the reasonable opinion of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will prepare and furnish, at the Issuer's sole expense, in such quantity and in formats as the Representative shall reasonably request, and in a "designated electronic format", in order for the Underwriters to comply with Section (b)(4) of the Rule and the rules of the MSRB, copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law; provided, however, that for all purposes of this Contract and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may reasonably request to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(d) The Representative hereby agrees to timely file the Official Statement (and any amendments thereto) with the MSRB in the format prescribed by the MSRB. Unless otherwise notified in writing by the Underwriters, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. Representations, Warranties, and Covenants of the Issuer. The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a body politic and corporate, a home rule municipality and a political subdivision of the State of Texas (the "State") duly created, organized and existing under the laws of the State and the Issuer's home rule charter (the "Charter"), and has full legal right, power and authority pursuant to the Constitution and general laws of the State, including Chapters 1207 and 1502, Texas Government Code, as amended (collectively, the "Act"), and at the date of the Closing will continue to have full legal right, power and authority under the Charter and the Act (i) to adopt the Bond Ordinance, (ii) to enter into, execute and deliver the this Contract, any escrow or deposit agreement pertaining to the discharge of the obligations of the Issuer that are being refunded by the Bonds (the "Escrow Agreement"), and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Contract, the Escrow Agreement and the Bond Ordinance, which contains the Undertaking (as defined in Section 6(i)(2) hereof), are hereinafter referred to as the "Issuer Documents"), (iii) to sell, issue and deliver the Bonds to the Underwriters as provided herein, and (iv) to carry out and consummate the

transactions described in the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance, in all material respects with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance of this Contract, the Issuer has duly authorized all necessary action to be taken by it for the (i) adoption of the Bond Ordinance and the issuance and sale of the Bonds, (ii) approval of the Preliminary Official Statement and the Official Statement, (iii) approval, execution and delivery of, and the performance by the Issuer of the obligations on its part contained in, the Bonds and the Issuer Documents and (iv) consummation by the Issuer of all other transactions described in the Official Statement, the Issuer Documents and any and all such other agreements and documents as may be required to be executed, delivered and/or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement;

(c) The Bonds and the Issuer Documents constitute legal, valid and binding obligations of the Issuer, enforceable in accordance with their respective terms, subject to principles of sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; the Bonds, when issued, delivered and paid for, in accordance with the Bond Ordinance and this Contract, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Bond Ordinance and enforceable in accordance with their terms, subject to principles of sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws, and principles of equity relating to or affecting the enforcement of creditors' rights. Upon the issuance, authentication and delivery of the Bonds as aforesaid, the Bond Ordinance will provide that the Bonds are secured by a lien on and pledge of the Net Revenues (as defined in the Bond Ordinance) of the Issuer's waterworks and sewer system (the "System");

(d) The Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or any of its property or assets are, otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Bonds and the Issuer Documents and the adoption of the Bond Ordinance and compliance with the provisions on the Issuer's part contained therein, will not conflict with or constitute a breach of or default under any constitutional provision, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is, or to which any of its property or assets are, otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the Issuer to be pledged to

secure the Bonds or under the terms of any such law, regulation or instrument, except as provided by the Bonds and the Bond Ordinance;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Bonds, have been duly obtained, except for (i) such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Bonds and (ii) the opinion of the Attorney General of the State approving the Bonds as required by law and the registration of the Bonds by the Comptroller of Public Accounts of the State (which approval and registration shall have been duly obtained or effected on or before the date of Closing);

(f) The Bonds and the Bond Ordinance conform to the descriptions thereof contained in the Official Statement under the captions "PLAN OF FINANCING", "THE BONDS" and "SELECTED PROVISIONS OF THE ORDINANCE"; the proceeds of the sale of the Bonds will be applied generally as described in the Official Statement under the subcaption "PLAN OF FINANCING - Sources and Uses of Bond Proceeds" and will be used for the purposes described in the Official Statement under the subcaption "PLAN OF FINANCING - Purpose"; and the Undertaking (as defined in Section 6(i)(2) hereof) conforms to the description thereof contained in the Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION";

(g) There is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer, (i) contesting the due organization and valid corporate existence of the Issuer or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the assessment and/or collection of the System revenues pledged to the payment of principal of and interest on the Bonds pursuant to the Bond Ordinance or the Issuer's authority to own and operate the System, (iii) contesting or affecting the validity or enforceability of the Bonds or the Issuer Documents, (iv) contesting the exclusion from gross income of interest on the Bonds for federal income tax purposes, (v) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or (vi) contesting the powers of the Issuer or any authority for the issuance of the Bonds, the adoption of the Bond Ordinance or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer, is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Bonds or the Issuer Documents;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (c) of Section 3 of this Contract) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (c) of Section 3 of this Contract, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Bond Ordinance and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request, at no expense to the Issuer, (A) to (y) qualify the Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (z) determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Bonds (provided, however, that the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The financial statements of, and other financial information regarding, the Issuer contained in the Official Statement fairly present the financial position of the Issuer as of the dates and for the periods therein set forth, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and (ii) the other financial information has been determined on a basis substantially consistent with that of the Issuer's audited financial statements included in the Official Statement. Prior to the Closing, the Issuer will not take any action within or under its control that will cause an adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer from that described in the Official Statement. Except as may be described in the Official Statement, the Issuer is not a party to any litigation or other

proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money or take action to incur any material liabilities, direct or contingent (except in the ordinary course of business), payable from or secured by any of the revenues or assets which will secure the Bonds without the prior approval of the Representative, such approval not to be unreasonably withheld;

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Contract, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein;

(p) The Issuer, to the extent heretofore requested by the Representative in writing, has delivered to the Underwriters true, correct, complete and legible copies of all information, applications, reports or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Bonds and, in each instance, true, correct, complete and legible copies of all correspondence or other communications relating thereto; and

(q) To the best knowledge and belief of the Issuer, the Official Statement contains information, including financial information and operating data, as required by the Rule. During the last five years, the Issuer has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

## 5. Closing.

(a) At 10:00 a.m. Central time, on August 19, 2015, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Underwriters (the "Closing"), the Issuer will, subject to the terms and conditions hereof, deliver the initial Bond to The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), as the entity appointed by the Issuer and agreed to by the Underwriters to make delivery of the Bonds, duly executed and authenticated, together with the other documents hereinafter mentioned, and the Paying Agent/Registrar, as the entity appointed by the Issuer and agreed to by the Underwriters to make delivery of the Bonds, will, subject to the terms and conditions hereof, accept such delivery and the Underwriters will pay the purchase price of the Bonds as set forth in Section 1 of this Contract in immediately available funds to the order of the Issuer. Payment for the Bonds as aforesaid shall be made at the offices of the Paying Agent/Registrar, or such other place as shall have been mutually agreed upon by the Issuer and the Representative.

(b) Delivery of the Bonds in definitive form shall be made through DTC, utilizing the book-entry-only form of issuance. The definitive Bonds shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one Bond for each maturity of the Bonds, registered in the name of Cede & Co., all as provided in the Bond Ordinance, and shall be made available to the Underwriters at least one business day before the Closing for purposes of inspection at the offices of DTC or, if the Bonds are to be held in safekeeping for DTC by the Paying Agent/Registrar pursuant to DTC's FAST system, at the designated payment

office of the Paying Agent/Registrar. In addition, the Issuer and the Underwriters agree that there shall be a preliminary Closing held at such place as the Issuer and the Underwriters shall mutually agree, commencing at least 24 hours prior to the Closing; provided, however, that such preliminary Closing shall not be required if Bond Counsel provides a complete Transcript of Proceedings acceptable to counsel for the Underwriters at least 24 hours prior to the Closing.

6. Closing Conditions. The Underwriters have entered into this Contract in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Contract to purchase, to accept delivery of and to pay for the Bonds shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are enumerated herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Contract to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Bonds shall be in full force and effect and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Underwriters' Counsel to deliver their respective opinions referred to hereafter;

(d) At the time of the Closing, all official action of the Issuer relating to the Bonds and the Issuer Documents shall be in full force and effect and shall not have been amended, modified or supplemented;

(e) At or prior to the Closing, the Bond Ordinance shall have been duly adopted by the governing body of the Issuer in accordance with law and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the Bonds;

(f) At the time of the Closing, there shall not have occurred any change or any development involving a prospective change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that, in the reasonable judgment of the Representative, is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Bonds on the terms and in the manner described in the Official Statement;

(g) The Issuer shall not currently be in default on the payment of principal or interest on any of its outstanding obligations for borrowed money;

(h) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Contract shall be reasonably satisfactory in legal form and effect to the Representative;

(i) At or prior to the Closing, the Underwriters shall have received copies of each of the following documents:

(1) The Official Statement, and each supplement or amendment thereto, if any, and the reports and audits referred to or appearing in the Official Statement;

(2) The Bond Ordinance, with such supplements or amendments as may have been agreed to by the Representative, which shall include an undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule (the "Undertaking");

(3) The approving opinion of Bond Counsel with respect to the Bonds, in substantially the form and substance attached to the Official Statement as Appendix C;

(4) A supplemental opinion of Bond Counsel addressed to the Underwriters, substantially to the effect that:

(i) the Bond Ordinance has been duly adopted by the Issuer and is in full force and effect;

(ii) the Bonds are exempted securities under the Securities Act of 1933, as amended (the "1933 Act"), and the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the 1933 Act or to qualify the Bond Ordinance under the Trust Indenture Act; and

(iii) such firm was not requested to participate, and did not take part, in the preparation of the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information in the Official Statement under the captions "PLAN OF FINANCING" (except under the subcaption "Sources and Uses of Bond Proceeds"), "THE BONDS" (except for the subcaptions "Bondholders' Remedies" and "Book-Entry-Only System" and except for the second paragraph under the subcaption "Security and Source of Payment"), "SELECTED PROVISIONS OF THE ORDINANCE", "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION"

(except the subcaptions "Availability of Information" and "Compliance with Prior Undertakings") and the subcaptions "Registration and Qualification of Bonds For Sale", "Legal Investments and Eligibility to Secure Public Funds in Texas" and "Legal Matters" (except for the second paragraph thereof) under the caption "OTHER INFORMATION", and such firm is of the opinion that the information relating to the Bonds and the Bond Ordinance contained therein fairly and accurately describe the provisions thereof.

In addition, such supplemental opinion shall include an opinion to the effect that the Refunded Bonds (as defined in the Official Statement) have been discharged, paid and retired and are regarded as being outstanding only for the purpose of receiving payment from the funds held by the Escrow Agent, pursuant to the Escrow Agreement and in accordance with the provisions of Chapter 1207, Texas Government Code, unless such opinion is provided in accordance with the provisions of paragraph 6(i)(3) hereof.

The supplemental opinion of Bond Counsel will also state that the Underwriters are entitled to rely upon the opinion of Bond Counsel delivered in accordance with the provisions of Section 6(i)(3) of this Contract.

(5) An opinion of McCall, Parkhurst & Horton L.L.P., as counsel for the Underwriters, dated the date of the Closing, addressed to the Underwriters, substantially in the form attached hereto as Exhibit A;

(6) A certificate, dated the date of Closing, of an appropriate official of the Issuer, to the effect that (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding or tax challenge against the Issuer is pending or, to the best of such person's knowledge, threatened in any court or administrative body nor is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Bonds or the Issuer Documents, (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and/or assessing and/or collecting System revenues and making payments on the Bonds pursuant to the Bond Ordinance, or contest the pledge of the System revenues to the payment of the principal of and interest on the Bonds or the Issuer's authority to own and operate the System, (e) contest the accuracy, completeness or the fairness of the Preliminary Official Statement or the Official Statement or (f) contest the redemption of the Refunded Bonds; (iii) the Bond Ordinance was duly adopted by the Issuer, is in full force and effect and has not been modified, amended or repealed, and this Contract has been duly executed and delivered by an authorized official of the Issuer and is in full force and effect and has not been modified, amended or repealed; (iv) to the best of such person's knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be

used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading in any respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading; and (v) there has not been any materially adverse change in the financial condition of the Issuer since September 30, 2014, the latest date as of which audited financial information is available;

(7) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code;

(8) Any other certificates and opinions required by the Bond Ordinance for the issuance thereunder of the Bonds;

(9) Evidence satisfactory to the Representative that the Bonds have been rated "AAA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and "AAA" by Fitch Ratings, each without regard to credit enhancement, and that such ratings are in effect as of the date of Closing;

(10) An executed copy of the Escrow Agreement;

(11) A copy of a special report prepared by Grant Thornton LLP, addressed to the Issuer, Bond Counsel and the Underwriters, verifying (i) the arithmetical computations of the adequacy of the maturing principal and interest on the Federal Securities and uninvested cash on hand, if any, under the Escrow Agreement to pay, when due, the principal of and interest on the Refunded Bonds, and (ii) the computation of the yields with respect to the Federal Securities and the Bonds;

(12) An opinion or certificate, dated on or prior to the date of Closing, of the Attorney General of the State, approving the Bonds as required by law, and the registration certificate of the Comptroller of Public Accounts of the State; and

(13) Such additional legal opinions, certificates, instruments and other documents as the Representative or counsel to the Underwriters may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due

performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Contract shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Representative.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds contained in this Contract, or if the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Bonds shall be terminated for any reason permitted by this Contract, this Contract shall terminate and neither the Underwriters nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriters set forth in Sections 1 (with respect to the good faith check), 4, 8 and 10 hereof shall continue in full force and effect.

7. Termination. The Representative shall have the right to cancel the Underwriters' obligation to purchase the Bonds (to be evidenced by a written notice to the Issuer terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds) if, between the date of this Contract and the date of the Closing, the market price or marketability of the Bonds shall be materially adversely affected, in the sole judgment of the Representative, reasonably exercised, by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Bonds or the interest on the Bonds as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions described herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree, or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Bond Ordinance is not exempt from qualification under or other

requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Bonds, including any or all underlying arrangements, as described herein or in the Official Statement or otherwise, is or would be in violation of the federal securities law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body in any jurisdiction in which more than ten percent (10%) of the Bonds have been offered and sold shall have withheld registration, exemption or clearance of the offering of the Bonds as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange or any other national securities exchange, the establishment of minimum prices on any such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Bonds or as to obligations of the general character of the Bonds, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters and/or broker-dealers;

(f) any amendment to the federal or State Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the assessment and/or collection of the System revenues pledged to pay the principal of and interest on the Bonds;

(g) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Contract any materially adverse change in the affairs or financial condition of the Issuer, except for changes which the Official Statement discloses are expected to occur, if any;

(i) there shall have occurred (whether or not foreseeable) any (a) new material outbreak of hostilities involving the United States (including, without limitation, an act of terrorism) or (b) new material other national or international calamity or crisis including, but not limited to, an escalation of hostilities that existed prior to the date hereof, or (c) material financial crisis or adverse change in the financial or economic conditions affecting the United States government or the securities markets in the United States;

(j) any fact or event shall exist or have existed that, in the Representative's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any published notice shall have been given of any intended review for possible downgrade, downgrading, suspension, withdrawal or negative change in credit watch status by any national rating service to any of the Issuer's outstanding obligations secured in a like manner as the Bonds (including any rating to be accorded the Bonds);

(l) the purchase of and payment for the Bonds by the Underwriters, or the resale of the Bonds by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; provided, however, that such prohibition occurs after the date of this Contract and is not caused by the action, or failure to act, of any of the Underwriters;

(m) the Issuer is unable on the date of Closing to fund the Escrow Fund created pursuant to the terms of the Escrow Agreement; or

(n) a material disruption in securities settlement, payment or clearance services in the United States shall have occurred and shall be continuing at the date of Closing.

With respect to the conditions described in subparagraphs (e) and (l) above, the Underwriters are not aware of any current, pending or proposed law or government inquiry or investigation as of the date of execution of this Contract which would permit the Representative to invoke Underwriters' termination rights hereunder.

#### 8. Expenses.

(a) The Underwriters shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to, (i) the cost of preparation and printing of the Bonds, the Preliminary Official Statement and the Official Statement; (ii) the fees and disbursements of Bond Counsel and counsel to the Issuer, if any; (iii) the fees and disbursements of the Financial Advisor to the Issuer; (iv) the fees and disbursements of the Paying Agent/Registrar for the Bonds, the paying agent for the Refunded Bonds, the Escrow Agent, the verification agent and any engineers, accountants and other experts, consultants or advisers retained by the Issuer, if any; (v) the fees of the Attorney General of the State; and (vi) the fees for bond ratings.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Contract, the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Bonds; and (iii) all other expenses incurred by the Underwriters in connection with the public offering of the Bonds, including the fees and disbursements of counsel retained by the Underwriters.

(c) The Issuer acknowledges that the Underwriters will pay from the Underwriters' expense allocation of the underwriting discount certain expenses incurred by the Underwriters which are incidental to implementing this Contract and the issuance of the Bonds, including, but not limited to, the applicable per bond assessment charged by the Municipal Advisory Council of Texas, meals, transportation and lodging, if any, and any other miscellaneous closing costs. The Municipal Advisory Council of Texas is a non-profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

(d) The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Bonds.

9. Notices. Any notice or other communication to be given to the Issuer under this Contract may be given by delivering the same in writing at its address set forth above, Attention: Ms. Brenda Martin, Director of Finance, and any notice or other communication to be given to the Underwriters under this Contract may be given by delivering the same in writing to Raymond James & Associates, Inc., 5956 Sherry Lane, Suite 1900, Dallas, Texas 75225, Attention: Lori Sullivan.

10. Parties in Interest. This Contract shall constitute the entire agreement between the Issuer and the Underwriters and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) and no other person shall acquire or have any right hereunder or by virtue hereof. This Contract may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Contract shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters and (ii) delivery of and payment for the Bonds pursuant to this Contract. All of the Issuer's representations and warranties contained in this Contract shall remain operative and in full force and effect, regardless of any termination of this Contract.

11. Effectiveness. This Contract shall become effective upon the acceptance hereof by the Issuer and shall be valid and binding at the time of such acceptance.

12. Choice of Law. This Contract shall be governed by and construed in accordance with the laws of the State.

13. Severability. If any provision of this Contract shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Contract invalid, inoperative or unenforceable to any extent whatever.

14. Business Day. For purposes of this Contract, "business day" means any day on which the New York Stock Exchange is open for trading.

15. Section Headings. Section headings have been inserted in this Contract as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Contract and will not be used in the interpretation of any provisions of this Contract.

16. Counterparts. This Contract may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. No Personal Liability. None of the members of the City Council, nor any officer, agent or employee of the Issuer, shall be charged personally by the Underwriters with any liability, or be held liable to the Underwriters under any term or provision of this Contract, or

because of execution or attempted execution, or because of any breach or attempted or alleged breach of this Contract.

18. Entire Agreement. This Contract represents the entire agreement between the Issuer and the Underwriters with respect to the preparation of the Preliminary Official Statement and the Official Statement, the conduct of the offering, and the purchase and sale of the Bonds.

*[Remainder of page left blank intentionally]*

If the Issuer agrees with the foregoing, please sign the enclosed counterpart of this Contract and return it to the Representative. This Contract shall become a binding agreement between the Issuer and the Underwriters when at least the counterpart of this Contract shall have been signed by or on behalf of each of the parties hereto.

Very truly yours,

RAYMOND JAMES & ASSOCIATES, INC. and  
HUTCHINSON, SHOCKEY, ERLEY & CO.,  
the "Underwriters"

By: RAYMOND JAMES & ASSOCIATES, INC.,  
as Representative of the Underwriters

By: \_\_\_\_\_  
Authorized Officer

ACCEPTANCE:

ACCEPTED AND AGREED TO at \_\_\_\_\_ a.m./p.m. Central Time on \_\_\_\_\_,  
2015.

CITY OF LEWISVILLE, TEXAS

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

**Schedule I**

\$ \_\_\_\_\_  
 City of Lewisville, Texas  
 Waterworks and Sewer System Revenue  
 Refunding and Improvement Bonds,  
 Series 2015

Dated Date: July 15, 2015  
 Delivery Date: August 19, 2015  
 (Interest to accrue from the Delivery Date)

<u>Year</u> <u>(February 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Initial</u> <u>Yield</u>
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			
2026			
2027			
2028			
2029			
2030			
2031			

[\* Yield shown is yield to first call date, February 15, 2025.]

**Optional Redemption.** The Bonds maturing on and after February 15, 2026, are subject to redemption prior to stated maturity, at the option of the Issuer, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, on February 15, 2025, or any date thereafter, at a redemption price equal to the principal amount thereof plus accrued interest to the date fixed for redemption.

**Mandatory Redemption.** The Bonds maturing on February 15 in each of the years 20\_\_ and 20\_\_ (the "Term Bonds"), are subject to mandatory sinking fund redemption prior to their stated maturity and shall be redeemed in part at the principal amount thereof plus accrued interest to the date of redemption in the following principal amounts on February 15 in each of the years as set forth below:

<b><u>Term Bonds Stated to</u></b> <b><u>Mature on February 15, 20</u></b>		<b><u>Term Bonds Stated to</u></b> <b><u>Mature on February 15, 20</u></b>	
<u>Year</u>	<u>Principal</u> <u>Amount</u>	<u>Year</u>	<u>Principal</u> <u>Amount</u>

20\_\_  
20\_\_  
20\_\_  
20\_\_\*\*

20\_\_  
20\_\_  
20\_\_  
20\_\_\*\*

\*\* Stated maturity.

## Exhibit A

### Form of Opinion of McCall, Parkhurst & Horton L.L.P., as Counsel to the Underwriters

[Closing Date]

Raymond James & Associates, Inc.  
Hutchinson, Shockey, Erley & Co.  
c/o Raymond James & Associates, Inc.  
5956 Sherry Lane, Suite 1900  
Dallas, Texas 75225

Re: \$\_\_\_\_\_ City of Lewisville, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015

Ladies and Gentlemen:

We have acted as counsel for you as the underwriters of the above-referenced Bonds (the "Bonds"), issued under and pursuant to an ordinance (the "Ordinance") of the City of Lewisville, Texas (the "City") on July 20, 2015 (the "Bond Ordinance") authorizing the issuance of the Bonds, which Bonds you are purchasing pursuant to a Purchase Contract dated July 20, 2015. All capitalized undefined terms used herein shall have the meaning set forth in the Purchase Contract.

In connection with this opinion letter, we have considered such matters of law and of fact, and have relied upon such certifications and other information furnished to us, as we have deemed appropriate as a basis for our opinion set forth below. We are not expressing any opinion or views herein on the authorization, issuance, delivery, validity of the Bonds and we have assumed, but not independently verified, that the signatures on all documents and Bonds that we have examined are genuine.

Based on and subject to the foregoing, we are of the opinion that, under existing laws, the Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Bond Ordinance is not required to be qualified under the Trust Indenture Act of 1939, as amended.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters, and because of the wholly or partially nonlegal character of many of the determinations involved in the preparation of the Official Statement dated July 20, 2015 (the "Official Statement") and because the information in the Official Statement included under the captions and subcaptions "THE BONDS - Book-Entry-Only System", "SELECTED PROVISIONS OF THE ORDINANCE", "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" and Appendices B and C thereto were prepared by others who have been engaged to review or provide such information, we are not passing on and do not assume any responsibility for the information contained under such headings and in the appendices, and, except as set forth in the last sentence of this paragraph, we are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of other statements contained in the Official Statement (including any appendices, schedules and exhibits thereto) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. In the course of our participation in the preparation of the Official Statement as your counsel, we had

discussions with representatives of the City, including its Financial Advisor and Bond Counsel, regarding the contents of the Official Statement. In the course of such activities, no facts came to our attention which would lead us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein, the information set forth under the captions and subcaptions "THE BONDS - Book-Entry-Only System", "SELECTED PROVISIONS OF THE ORDINANCE", "TAX MATTERS" and "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings" and Appendices B and C thereto, as to which we express no opinion), as of its date contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

In addition, based upon (i) our understanding of Rule 15c2-12 of the United States Securities and Exchange Commission (the "Rule") and interpretive guidance published by the United States Securities and Exchange Commission relating thereto; (ii) our review of the continuing disclosure undertaking of the Issuer contained in the Bond Ordinance; and (iii) the inclusion in the Official Statement of a description of the specifics of such undertaking, and in reliance on the opinion of Bond Counsel that the Bond Ordinance has been duly adopted by the Issuer and is in full force and effect and constitutes a valid and legally binding obligation of the Issuer enforceable in accordance with its terms, we have no reason to believe that such undertaking does not meet the requirements of paragraph (b)(5)(i) of the Rule and, accordingly, we advise you that such undertaking provides a suitable basis for you, as the underwriters of the Bonds, and any other broker, dealer or municipal securities dealer acting as a Participating Underwriter (as defined in the Rule) in connection with the offering of the Bonds, to make a reasonable determination that the Issuer has met the qualifications of paragraph (b)(5)(i) of the Rule.

This opinion letter may be relied upon by only you and only in connection with the transaction to which reference is made above and may not be used or relied upon by any other person for any purposes whatsoever without our prior written consent.

Respectfully,

---

PAYING AGENT/REGISTRAR AGREEMENT  
between

CITY OF LEWISVILLE, TEXAS

and

THE BANK OF NEW YORK MELLON TRUST COMPANY,  
NATIONAL ASSOCIATION

Pertaining to

City of Lewisville, Texas  
Waterworks and Sewer System Revenue  
Refunding and Improvement Bonds  
Series 2015

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Dated as of July 15, 2015

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## PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (the or this “Agreement”), dated as of July 15, 2015, is by and between the CITY OF LEWISVILLE, TEXAS (the “Issuer”), and THE BANK OF NEW YORK MELLON TRUST COMPANY, NATIONAL ASSOCIATION (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 Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015 (the “Bonds”), dated July 15, 2015, to be issued as registered securities without coupons; and

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

WHEREAS, the Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, redemption premium, if any, and interest on the Bonds, in accordance with the terms thereof, and that the Bank act as Registrar for the Bonds; 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 Bonds in paying to the Owners of the Bonds the principal, redemption premium, if any, and interest on all or any of the Bonds.

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

(c) The Bank hereby accepts its appointment, and agrees to act as, the Paying Agent and the 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. 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” means The Bank of New York Mellon Trust Company, National Association, its successors and assigns.

“Bank Office” means the Bank’s office at 2001 Bryan Street, 11th Floor, Dallas, Texas 75201. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Bond” or “Bonds” means any or all of the Issuer’s General Obligation Refunding Bonds, Series 2015, dated July 15, 2015.

“Bond Order” means the authorizing document approved by the governing body of the Issuer authorizing the issuance and delivery of the Bonds.

“Financial Advisor” means First Southwest Company, its successors and assigns.

“Fiscal Year” means the fiscal year of the Issuer.

“Issuer” means the City of Lewisville, Texas.

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

“Legal Holiday” means a day on which the Bank is required or authorized by applicable law to be closed.

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

“Paying Agent” means the Bank when it is performing the functions 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 Bonds” of any particular Bond means every previous Bond evidencing all or a portion of the same obligation as that evidenced by such particular Bond (and, for the purposes of this definition, any Bond registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Bond).

“Record Date” means the last business day of the month next preceding an interest payment date established by the Bond Order.

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

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

“Stated Maturity” means the date or dates specified in the Bond Order as the fixed date on which the principal of the Bonds is due and payable or the date fixed in accordance with the terms of the Bond Order for redemption of the Bonds, 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 Bond or Bonds so maturing at the Bank Office, the principal amount of the Bond or Bonds 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.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Bonds to each Owner of the Bonds (or their Predecessor Bonds) 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; such payments shall be made by computing the amount of interest to be paid each Owner, preparing the checks, and mailing the checks on each interest payment date addressed to each Owner’s address as it appears in the Register 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 Bonds at the dates specified in the Bond Order.

#### ARTICLE IV

#### REGISTRAR

##### Section 4.01. Transfer and Exchange.

(a) The Issuer 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 Issuer shall provide for the registration and transfer of the Bonds. The Bank is hereby appointed “Registrar” for the purpose of registering and transferring the Bonds 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 Bank as Registrar hereby agrees that at any time while any Bond is outstanding, the Owner may deliver such Bond to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Bond is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three (3) business days, register and deliver such Bond or Bonds as provided in such instructions. The provisions of the Bond Order shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions of the Bond Order.

(c) Every Bond surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed in a manner satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing.

(d) The Bank may request any supporting documentation it feels necessary to effect a re-registration.

Section 4.02. The Bonds. The Issuer shall provide an adequate inventory of unregistered Bonds to facilitate transfers. The Bank covenants that it will maintain the unregistered Bonds in safekeeping and will use reasonable care in maintaining such unregistered Bonds 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 Bonds. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Bonds previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Bank. All cancelled Bonds held by the Bank shall be disposed of pursuant to the Securities Exchange Act of 1934.

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

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

(b) If (i) any mutilated Bond is surrendered to the Bank, or the Issuer and the Bank receives evidence to their satisfaction of the destruction, loss, or theft of any Bond, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then in the absence of notice to the Issuer or the Bank that such Bond has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Bank shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Bond, a new Bond of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

(c) Every new Bond issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Bond shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Bond shall be at any time enforceable by

anyone, and shall be entitled to all the benefits of the Bond Order equally and ratably with all other outstanding Bonds.

(d) Upon the satisfaction of the Bank and the Issuer that a Bond has been mutilated, destroyed, lost, or stolen, and upon receipt by the Bank and the Issuer of such indemnity or security as they may require, the Bank shall cancel the Bond number on the Bond registered with a notation in the Register that said Bond has been mutilated, destroyed, lost, or stolen; and a new Bond shall be issued of the same series and of like tenor and principal amount bearing a number, according to the Register, not contemporaneously outstanding.

(e) The Bank may charge the Owner the Bank's fees and expenses in connection with issuing a new Bond in lieu of or exchange for a mutilated, destroyed, lost, or stolen Bond.

(f) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed Bonds and any future substitute blanket bond for lost, stolen, or destroyed Bonds 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 Bonds 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 Bonds it has paid pursuant to Section 3.01, Bonds it has delivered upon the transfer or exchange of any Bonds pursuant to Section 4.01, and Bonds it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Bonds 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 agrees to use reasonable care in the performance thereof. The Bank is also authorized to transfer funds relating to the closing and final delivery of the Bonds 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 of the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02. Reliance on Documents, Etc.

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

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

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

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any 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 Bonds, but is protected in acting upon receipt of Bonds 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 may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

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

#### Section 5.03. Recitals of Issuer.

(a) The recitals contained herein and in the Bonds 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 Bond 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 Bonds. The Bank, in its individual or any other capacity, may become the Owner or pledgee of Bonds 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 Bond and remaining unclaimed for three years after final maturity of the Bond has become due and payable will be paid by the Bank to the Issuer, and the Owner of such Bond 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 Bonds, 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 Bonds 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 Bonds 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 or bad faith on their part arising out of or in connection with its acceptance or administration of the Bank's duties hereunder, and under Article V of the Bond Order, 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 Lewisville, Texas  
151 West Church Street  
Lewisville, Texas 75057  
Attention: Chief Financial Officer
  
- (b) if to the Bank: The Bank of New York Mellon Trust Company,  
National Association  
2001 Bryan Street, 11th Floor  
Dallas, Texas 75201  
Attention: Corporate Trust Department

Section 6.04. Bank to Give Notice of Change. The Bank hereby agrees that it will give notice to the Issuer, to the registered owners and to 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 Designated Payment/Transfer 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 Bond Order 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 Bond Order, the Bond Order 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 Bonds.

(b) This Agreement may be earlier terminated upon sixty (60) 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 sixty (60) days after the giving of notice of resignation.

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

Section 6.12. 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 LEWISVILLE, TEXAS

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

ATTEST:

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

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, NATIONAL ASSOCIATION,  
as Paying Agent/Registrar

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

ANNEX “A”

SCHEDULE OF FEES FOR SERVICE AS PAYING AGENT/REGISTRAR

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ESCROW AGREEMENT

Between

CITY OF LEWISVILLE, TEXAS

and

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N. A.

Pertaining to

City of Lewisville, Texas  
Waterworks and Sewer System Revenue  
Refunding and Improvement Bonds,  
Series 2015

Dated as of July 15, 2015

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## ESCROW AGREEMENT

THIS ESCROW AGREEMENT, dated as of July 15, 2015 (herein, together with any amendments or supplements hereto, called the "Agreement"), entered into by and between the CITY OF LEWISVILLE, TEXAS (the "Issuer"), and THE BANK OF NEW YORK MELLON TRUST COMPANY, N. A., a national banking association organized under the laws of the United States of America, as escrow agent (herein, together with any successor in such capacity, called the "Escrow Agent").

### WITNESSETH:

WHEREAS, the Issuer has heretofore issued and there presently remain outstanding the obligations (the "Refunded Obligations") of the Issuer listed and described on Exhibit A, attached hereto;

WHEREAS, the Refunded Obligations are scheduled to mature or have been called for early redemption in such years, bear interest at such rates, and are payable at such times and in such amounts as are set forth in Exhibit B attached hereto and made a part hereof; and

WHEREAS, when firm banking arrangements have been made for the payment of principal and interest to the maturity dates or redemption dates of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, with a place of payment for such Refunded Obligations, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, the Escrow Agent is a place of payment of the Refunded Obligations and is otherwise qualified to act as an escrow agent under Chapter 1207; and

WHEREAS, Chapter 1207 authorizes the Issuer to enter into an escrow agreement with the Escrow Agent with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and the Escrow Agent may agree, provided that such deposits may be invested only in obligations authorized by Chapter 1207, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal and interest on the Refunded Obligations when due; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the other places of payment, if any, for the Refunded Obligations the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the Escrow Agent is the paying agent for each series of the Refunded Obligations; and

WHEREAS, the issuance, sale, and delivery of the City of Lewisville, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015 (the “Bonds”), have been duly authorized for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of the Refunded Obligations at their respective maturity or redemption dates and the interest thereon to such maturity or redemption dates; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Bonds to the purchasers thereof, a portion of the proceeds of the Bonds shall be applied to purchase certain “Federal Securities” (as herein defined) for deposit to the credit of the Escrow Fund created pursuant to the terms of this Agreement and to establish a beginning cash balance (if needed) in such Escrow Fund; and

WHEREAS, the Federal Securities shall mature and the interest thereon shall be payable at such times and in such amounts as will provide moneys which, together with cash balances from time to time on deposit in the Escrow Fund, will be sufficient to pay the interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their maturity dates or redemption dates; and

WHEREAS, the Escrow Agent is a party to this Agreement and hereby acknowledges its acceptance of the terms and provisions hereof;

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby is acknowledged, and to secure the full and timely payment of principal of and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

## ARTICLE I DEFINITIONS AND INTERPRETATIONS

Section 1.01 Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

“Beginning Cash Balance” means the funds described in Exhibit C attached to this Agreement.

“Code” means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions thereunder.

“Escrow Fund” means the fund created in Section 3.01 of this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

“Federal Securities” means noncallable obligations of the United States of America, including noncallable obligations of which the full and timely payment of the principal and

interest are unconditionally guaranteed by the United States of America, that mature and/or bear interest payable at such times and in such amounts sufficient without reinvestment to provide for the scheduled payment of the principal of and interest on the Refunded Obligations. Investments in mutual funds and unit investment trusts are prohibited.

“Refunded Obligations Paying Agent” means The Bank of New York Mellon Trust Company, N. A., as paying agent/registrar for each series of the Refunded Obligations.

Section 1.02 Other Definitions. The terms “Agreement,” “Issuer,” “Escrow Agent,” “Refunded Obligations,” and “Bonds,” when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03 Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

## ARTICLE II DEPOSIT OF FUNDS AND FEDERAL SECURITIES

Section 2.01 Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Bonds the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the Beginning Cash Balance and the Federal Securities described in Exhibit C attached hereto and incorporated by reference as a part of this Agreement for all purposes. The Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

## ARTICLE III CREATION AND OPERATION OF ESCROW FUND

Section 3.01 Escrow Fund. The Escrow Agent hereby creates on its books a special trust and irrevocable escrow fund to be known as the City of Lewisville, Texas, Waterworks and Sewer System Revenue Refunding and Improvement Bonds, Series 2015 Escrow Fund (the “Escrow Fund”) for the purpose of paying the principal of and interest on the Refunded Obligations as described in Exhibit A, in order to make firm banking arrangements therefor. The Escrow Agent hereby agrees that upon receipt thereof it will deposit to the credit of the Escrow Fund the Beginning Cash Balance and the Federal Securities described in Exhibit C attached hereto. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) to the extent needed to pay the principal and interest requirements on the Refunded Obligations, are hereby irrevocably pledged to the payment of the principal of and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of and interest on the Refunded Obligations, any balance then remaining in the Escrow Fund shall be

transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02 Payment of Principal and Interest. The Escrow Agent is hereby irrevocably instructed to transfer, from the cash balances from time to time on deposit in the Escrow Fund, to each Refunded Obligations Paying Agent, the amounts required to pay the principal of the Refunded Obligations at their respective maturity date or dates as of which such Refunded Obligations have been called for earlier redemption, and interest thereon when due, in the amounts and at the times shown in Exhibit B attached hereto.

Section 3.03 Sufficiency of Escrow Fund. The Issuer represents that the successive receipts of the principal of and interest on the Federal Securities will assure that the cash balance on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to each Refunded Obligations Paying Agent, at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due and the principal of the Refunded Obligations as such principal comes due, all as more fully set forth in Exhibit D attached hereto. The Escrow Agent shall promptly give notice of any insufficiency to the Issuer, but the Escrow Agent shall not in any manner be responsible for any insufficiency of funds in the Escrow Fund.

Section 3.04 Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, the Federal Securities and all other assets of the Escrow Fund wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow the Federal Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. The Federal Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations, and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to a preferred claim and first lien upon the Federal Securities, the proceeds thereof, and all other assets of the Escrow Fund. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right or title with respect thereto except as a trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by a place of payment for the Refunded Obligations.

Section 3.05 Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct noncallable obligations of, or noncallable obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

ARTICLE IV  
SUBSTITUTION OF FEDERAL SECURITIES

Section 4.01 In General. Except as provided in Section 4.02 and 4.03 hereof, the Escrow Agent shall not have any power or duty to make substitutions for the Federal Securities described in Exhibit C hereto, or to sell, transfer, or otherwise dispose of such Federal Securities.

Section 4.02 Substitution of Federal Securities at Bond Closing. Concurrently with the sale and delivery of the Bonds, the Issuer, at its option, may substitute cash or Federal Securities for the Federal Securities listed in part III of Exhibit C attached hereto, but only if such cash and/or Federal Securities:

(a) are in an amount, and/or mature in an amount, which, together with any cash substituted for such obligations, is equal to or greater than the amount payable on the maturity date of the obligation listed in part III of Exhibit C for which such obligation is substituted, and

(b) mature on or before the maturity date of the obligation listed in part III of Exhibit C for which such obligation is substituted.

The Issuer may at any time substitute the Federal Securities listed in part III of Exhibit C which, as permitted by the preceding sentence, were not deposited to the credit of the Escrow Fund, for the cash and/or obligations that were substituted concurrently with the sale and delivery of the Bonds for such Federal Securities, provided, that upon any such substitution the Escrow Agent receives (i) a new verification report from a firm of independent certified public accountants as to the sufficiency of the Federal Securities to provide for the payment of the Refunded Obligations (assuming such substitution has been made and assuming a zero percent reinvestment rate) and (ii) an opinion of bond counsel to the effect that such substitution shall not affect the tax-exempt status of interest on the Refunded Obligations or the Bonds.

Section 4.03 Substitution of Federal Securities following Bond Closing. (a) At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall sell, transfer, otherwise dispose of or request the redemption of all or any portion of the Federal Securities and apply the proceeds therefrom to purchase Refunded Obligations or other Federal Securities. Any such transaction may be effected by the Escrow Agent only if (1) the Escrow Agent shall have received a written opinion from a firm of independent certified public accountants that such transaction will not cause the amount of money and securities in the Escrow Fund to be reduced below an amount which will be sufficient, when added to the interest to accrue thereon and assuming a zero percent reinvestment rate, to provide for the payment of principal of and interest on the remaining Refunded Obligations as they become due, and (2) the Escrow Agent shall have received the unqualified written legal opinion of nationally recognized bond counsel or tax counsel acceptable to the Issuer and the Escrow Agent to the effect that (A) such transaction will not cause any of the Bonds to be an "arbitrage bond" within the meaning of the Code or otherwise adversely affect the tax-exempt status of the Refunded Obligations or the Bonds, and (B) that such transaction complies with the Constitution and laws of the State of Texas.

(b) The foregoing provisions of substitution notwithstanding, the Escrow Agent shall be under no obligation to effect the substitution of the Federal Securities in the manner contemplated by Subsection 4.03(a) if the Issuer fails to deliver or cause to be delivered to the Escrow Agent no later than three Business Days prior to the proposed date such substitution is to be effected a written certificate setting forth in reasonable detail the maturity dates and maturity amounts of the Federal Securities to be substituted and the proposed date such substitution is to occur.

Section 4.04 Allocation of Certain Federal Securities. The maturing principal of and interest on the Federal Securities may be applied to the payment of any Refunded Obligations and no allocation or segregation of the receipts of principal or interest from such Federal Securities is required.

Section 4.05 Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Federal Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Bonds or Refunded Obligations to be an “arbitrage bond” within the meaning of Section 148 of the Code.

## ARTICLE V APPLICATION OF CASH BALANCES

Section 5.01 In General. Except as provided in Sections 5.02 and 5.03 hereof, neither the Issuer nor the Escrow Agent shall reinvest any moneys deposited to or held as part of the Escrow Fund.

Section 5.02 Reinvestment in SLGS. Cash balances in the Escrow Fund shall be reinvested as set forth on Exhibit E attached hereto.

Section 5.03 Reinvestment of Cash Balances. At the written request of the Issuer, and upon compliance with the conditions hereinafter stated, the Escrow Agent shall permit or cause the reinvestment of cash balances in the Escrow Fund, pending the use thereof to pay when due the principal of and interest on the Refunded Obligations, in Federal Securities which obligations must mature on or before the respective dates needed for payment of the Refunded Obligations. Any such modification must include (i) an opinion of nationally recognized bond counsel that such transaction does not adversely affect the tax-exempt nature of the Bonds or the Refunded Obligations and complies with the Constitution and laws of the State of Texas and (ii) a verification report by a firm of independent certified public accountants verifying the sufficiency of the Escrow Fund and the yield on the investment thereof.

## ARTICLE VI RECORDS AND REPORTS

Section 6.01 Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Federal Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at

reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 6.02 Reports. While this Agreement remains in effect, the Escrow Agent at least annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of the Federal Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Federal Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

## ARTICLE VII CONCERNING THE PAYING AGENTS AND ESCROW AGENT

Section 7.01 Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02 Limitation on Liability. The liability of the Escrow Agent to transfer funds for the payment of the principal of and interest on the Refunded Obligations shall be limited to the proceeds of the Federal Securities and the cash balances from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor any place of payment for the Refunded Obligations shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Federal Securities to make timely payment thereon, except for the obligation to notify the Issuer promptly of any such occurrence.

The recitals herein and in the proceedings authorizing the Bonds shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Bonds or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment or a paying agent/registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the

consequences of any error of judgment; and the Escrow Agent shall not be answerable for any loss unless the same shall have been through its negligence or want of good faith.

Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

Section 7.03 Compensation. Concurrently with the sale and delivery of the Bonds, the Issuer shall pay to the Escrow Agent the sum of \$ \_\_\_\_\_ the sufficiency of which is hereby acknowledged by the Escrow Agent to pay its fee for performing the services of Escrow Agent hereunder and for all expenses incurred or to be incurred by it as Escrow Agent in the administration of this Agreement. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses. The Escrow Agent's fee does not include the cost of publication, printing costs, or reasonable out-of-pocket expenses of the Escrow Agent. In its capacity as Refunded Obligations Paying Agent, the Escrow Agent agrees to bill the Issuer directly under its current agreement with the Issuer for such future paying agency services and covenants that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its paying agency services.

Section 7.04 Successor Escrow Agents. (a) If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as Escrow Agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of

this section within three months after a vacancy shall have occurred, the owner of any Refunded Bond may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

(b) The Escrow Agent may at any time resign and be discharged from the trust hereby created by giving not less than 60 days' written notice to the Issuer; provided, that, no such resignation shall take effect unless: (i) a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as herein provided; (ii) such successor Escrow Agent shall have accepted such appointment; (iii) the successor Escrow Agent shall have agreed to accept the fees currently in effect for the Escrow; and (iv) the Escrow Agent shall have paid over to the successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder. Such resignation shall take effect immediately upon compliance with the foregoing requirements.

(c) Any successor Escrow Agent shall be qualified to serve as Escrow Agent under the provisions of Chapter 1207.

(d) Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties. The Escrow Agent shall pay over to its successor Escrow Agent a proportional part of the Escrow Agent's fee hereunder.

#### ARTICLE VIII MISCELLANEOUS

Section 8.01 Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder, shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid, addressed as follows:

To the Escrow Agent:           The Bank of New York Mellon  
Trust Company, N. A.  
2001 Bryan Street, 11<sup>th</sup> Floor  
Dallas, Texas 75201  
Attention: Issuer Services

To the Issuer:                   City of Lewisville, Texas  
151 W. Church Street  
Lewisville, Texas 75057  
Attention: City Manager

To the Rating Agencies:      Moody's Investors Service, Inc.  
2200 Ross Avenue  
Suite 4650 West  
Dallas, Texas 75201  
Attention: Public Finance Department

Standard & Poor's Rating Group  
25 Broadway  
New York, New York 10004

Fitch Investors Service, L.P.  
4514 Cole Avenue, Suite 600  
Dallas, Texas 75205

The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Either party hereto may change the address to which notices are to be delivered by giving to the other party not less than ten (10) days prior notice thereof.

Section 8.02 Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 8.03 Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04 Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. In the event any one or more provisions hereof are held to be invalid, illegal or unenforceable the Issuer shall promptly notify each of the rating agencies then maintaining a rating on the Refunded Obligations.

Section 8.05 Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06 Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07 Effective Date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in Exhibit C attached hereto and the Federal Securities, together with the specific sums stated in subsections (a) and (b) of Section 7.03 for Escrow Agent and paying agency fees, expenses, and services.

Section 8.08 Modification of Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives and shall inure solely to the benefit of the holders of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives. Furthermore, no alteration, amendment or modification of any provision of this Agreement (1) shall alter the firm financial arrangements made for the payment of the Refunded Obligations or (2) shall be effective unless (i) prior written consent of such alteration, amendment or modification shall have been obtained from the holders of all Refunded Obligations outstanding at the time of such alteration, amendment or modification and (ii) such alteration, amendment or modification is in writing and signed by the parties hereto; provided, however, the Issuer and the Escrow Agent may, without the consent of holders of the Refunded Obligations, amend or modify the terms and provisions of this Agreement to cure in a manner not adverse to the holders of the Refunded Obligations any ambiguity, formal defect or omission in this Agreement. Prior notice of any such modification shall be given to each rating agency then maintaining a rating on the Refunded Obligations.

Section 8.09 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Escrow Agent, its officers, directors, employees and agents for, and hold them harmless against, any loss, liability, or expense incurred without negligence or bad faith on their part arising out of or in connection with its acceptance or administration of the Escrow Agent's duties under this Agreement, 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.

ARTICLE IX  
ACKNOWLEDGMENT OF RECEIPT OF NOTICE  
OF REDEMPTION OF REFUNDED OBLIGATIONS

Section 9.01 Acknowledgment of Receipt of Notice of Redemption. The Escrow Agent, as paying agent/registrar for the Refunded Obligations, by its execution of this Escrow Agreement hereby acknowledges receipt of the Ordinance authorizing the issuance of the Bonds, the receipt of such Ordinance constituting written notice of redemption of such Refunded Obligations as described on Exhibit A hereto. The Escrow Agent hereby agrees to provide or cause to be provided to the registered owners of the Refunded Obligations notice of deposit and notice of redemption at the times and in the manner required by the respective ordinance authorizing the issuance thereof.

[Execution Page Follows]

IN WITNESS WHEREOF, this Escrow Agreement has been executed in multiple counterparts, each one of which shall constitute one and the same original Agreement, as of the date and year appearing on the first page of this Agreement.

CITY OF LEWISVILLE, TEXAS

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

ATTEST:

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

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N. A., as Escrow Agent

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

## INDEX TO EXHIBITS

Exhibit A	Description of the Refunded Obligations
Exhibit B	Schedule of Debt Service on Refunded Obligations
Exhibit C	Description of Beginning Cash Balance and Federal Securities
Exhibit D	Escrow Fund Cash Flow
Exhibit E	Reinvestments in Zero Interest Rate SLGS

**EXHIBIT A**  
**SCHEDULE OF REFUNDED OBLIGATIONS**

(See Attached Schedule)

EXHIBIT B

SCHEDULE OF DEBT SERVICE ON REFUNDED OBLIGATIONS

(See Attached Schedule)

EXHIBIT C

DESCRIPTION OF BEGINNING CASH BALANCE AND FEDERAL SECURITIES

I. Cash

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

II. State and Local Government Series Obligations

\$ \_\_\_\_\_  
|

III. Open Market Securities

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

EXHIBIT D  
ESCROW FUND CASH FLOW

(See Attached Schedules)

EXHIBIT E

REINVESTMENTS IN ZERO INTEREST RATE SLGS

None

## MEMORANDUM

**TO:** Donna Barron, City Manager

**FROM:** Melinda Galler, Assistant City Manager

**DATE:** July 16, 2015

**SUBJECT: HEALTH PLAN REPORT**

### BACKGROUND

The City of Lewisville has provided a health insurance plan through a partially self-insured program since 1990 using various Third Party Administrators (TPA) and provider networks. Per Administrative Policy 2.15.1 – Comprehensive Medical Plan, the City Manager functions as the Plan Administrator and is responsible for the development, administration and execution of the plan of benefits. The policy requires staff to submit a report to Council annually explaining the proposed changes to the plan of benefits and changes in employee premiums.

The plan year runs October through September matching the City's fiscal year. The partially self-funded health plan concept allows staff to set the rates charged to employees for various levels of coverage as well as the "employer rate" the City charges itself per budgeted position. These rates are based on administrative costs (individual and aggregate stop loss insurance and TPA services), claims costs, and medical inflation. All premiums from both the City and the employees are placed in the health fund that was established under Chapter 172 of the Local Government Code as a risk pool. Essentially, a risk pool is a trust for the collection and investment of contributions and the payment of benefits. Once the money is placed into the trust, it cannot be used for anything other than the payment of health benefits for City of Lewisville employees and retirees and their dependents. The City strives to balance the reserves to ensure the employees are receiving the best benefit with a proper balance between the employer rate and the employee rate.

September 30, 2015, will end the second year of a three-year contract with Cigna to provide TPA and network provider services. Currently under the City's partially self-insured plan, the City is responsible for the first \$150,000 of each claim with individual stop loss coverage for all claims in excess of this amount. Aggregate stop loss insurance provides overall plan protection by assuring that insurance coverage is provided when total claim payments exceed a specified amount. In the current fiscal year, Cigna also has the stop loss contract.

Subject: Health Plan Update  
July 16, 2015  
Page 2

During the 2013-2014 plan year, Cigna paid \$843,881 in individual stop loss reimbursements. This year, the City increased its individual stop loss pooling level from \$135,000 to \$150,000 reducing the stop loss premium increase while having minimal impact on claims dollars at risk. From October 2014 to May 2015, Cigna has paid \$316,777 in stop loss reimbursements. However, due to recent unexpected large claims, Cigna is anticipating Stop Loss claims will exceed one million dollars this year. Staff estimates an 18-19% increase in Stop Loss premiums for the 2015-16 plan year equating to an estimated increase of \$200,000 in annual premiums. The City is accepting proposals for stop loss insurance for Plan Year 2015-16 and will provide a final recommendation to Council in August for approval.

### **HEALTH CARE REFORM REQUIREMENTS**

For Plan Year 2014-15, Health Care Reform forced several changes to the medical plan designs. The City had to comply with the Mental Health Parity and Addiction Equity Act that requires group health plans to ensure that financial requirements such as deductibles and treatment limitations applicable to mental health or substance use disorder benefits are no more restrictive than the limitations applied to all other all-medical benefits. In addition, Health Care Reform placed a limit on deductibles and out-of-pocket maximums for plan designs effective this plan year.

Several new taxes and fees that impact the City of Lewisville Health Plan have also been required as a result of the Affordable Care Act (ACA). Two of these fees, the Transitional Reinsurance Fee and the Patient Centered Outcomes Research Institute (PCORI) Fee, are paid to the government directly by the City.

The Patient-Centered Outcomes Research Institute (PCORI) Fee helps fund research that evaluates and compares health outcomes, clinical effectiveness, and the risks and benefits of medical treatments and services. The fee is in effect from 2012 to 2019 and is assessed on each covered life (employees, retirees, spouses and dependents). For 2013, the fee was \$1 per covered life per year, which equated to \$1443 for the City of Lewisville. This year the fee increased to \$2 per covered life, which equated to \$2,916. Beginning in 2015, the fee is indexed for medical inflation. In FY 2015-16, the fee is \$2.08 per employee and is estimated to cost the City \$3,033. The fee will not apply to plan years ending after Sept. 30, 2019.

The Transitional Reinsurance Fee will be in place from 2014 to 2016. Reinsurance payments will be made to reduce the uncertainty of insurance risk in the individual market by partially offsetting issuers' risk associated with high-cost enrollees. For 2014, the fee was \$63 per covered life equating to \$91,476. That fee drops to \$44 per member per year for 2015, which is estimated to be approximately \$64,152. In 2016, the fee drops to \$27 per employee and per month.

**ANALYSIS AND PLAN DESIGN RECOMMENDATIONS:**

For Fiscal Year 2014-15, the City will increase its annual contribution per employee from \$10,097 to \$10,353 (2.53%). In addition, employee premiums are increasing 3%. The City will continue to add a \$25 per month surcharge for employees who do not participate in the wellness screenings and an additional \$25 for dependent spouses who do not participate in the wellness screenings. In addition, employees will continue to pay a \$25 per month surcharge if they use tobacco products.

From FY 2012-13 to FY 2013-14, the City's pharmacy costs increased by 3.92% and medical claims experience decreased by 2%. However, the Stop Loss/Reinsurance premiums continue to increase due to the number of large claims. As of the end of May, the Health Plan has 27 members with claims exceeding \$25,000 for a total spend of \$2,049,288. Of that, the City has been reimbursed \$316,777 in reinsurance payments. The total claims paid as of the end of May was \$4,341,405 so less than 2% of the covered lives have accounted for 47% of total dollars spent on claims thus far this fiscal year.

<b>EXPENSES</b>	<b>2012-13</b>	<b>2013-14</b>	<b>Total Increase</b>
<i>RX Costs</i>	\$1,168,789	\$1,214,580	3.92%
<i>Medical/Dental Claims</i>	\$4,890,707	\$4,792,641	-2.01%
<i>TPA/Reinsurance/Expenses</i>	\$1,495,591	\$1,632,469	9.15%
<b>TOTAL</b>	<b>\$7,555,087</b>	<b>\$7,639,690</b>	<b>1.12%</b>

The Human Resources staff continues to focus on the Wellness program in an effort to reduce the number of chronic illnesses that often result in these large claims. As you know, Council approved an agreement with Marathon Health to open a joint employee clinic with the City of Coppell in 2014. Marathon's focus is on wellness and prevention; however, patients are also encouraged to use the Center for acute care.

In comparing the cost of claims from February through January (the Clinic opened on January 29, 2014) for last year to the same period for the prior two years, the monthly average has decreased from \$503,734 in 2012-13 to \$451,687 in 2014-15 representing an 11% decrease. The clinic reports that of the 1454 members on the City of Lewisville Health Plan, 633 of those have a chronic health condition. As of the end of May, the clinic has 79.78% of those with chronic health conditions engaged in treatment or coaching.

Subject: Health Plan Update  
July 16, 2015  
Page 4

The Human Resources staff continues to receive numerous emails and phone calls from employees thanking the Council and City staff for providing the Wellness Center and bragging on the Marathon staff who run the facility. Utilization continues to be high for wellness visits as well as acute care. Staff has also seen employees whose health was at risk, begin making progress toward normal ranges. These positive changes can be attributed to the medical staff and Marathon's disease management program.

The Wellness Works Health Center is the foundation for the City of Lewisville's Wellness Plan by incenting wellness exams for employees and their covered spouses. The participation in the Wellness programs continues to increase annually. This is the first year the City has utilized Marathon's Wellness Portal to administer and track wellness activities. Currently, there are over 150 employees participating in a variety of activities that include the Annual 5k, Big D Stair Climb, and counting their daily steps with a FitBit tracking device. By participating in these healthy activities, employees earn points throughout the year and have the opportunity to receive a reward up to \$400.

For Fiscal Year 2015-16, staff is recommending that the plan continue to encourage and reward participation in the Wellness Program. To meet the wellness initiative, employees covered under the City's health insurance and any covered spouses are required to complete two visits at the Wellness Works Health Center. The first visit is only for biometrics and the second visit is for a Comprehensive Health Review (CHR). 93% of employees and 87% of spouses completed their initial CHR last year; therefore, this year, staff expects to see the number of chronic patients engaged in disease management through the clinic.

### **PLAN CHOICES**

Currently, the City offers employees a choice between three health plans, which are consumer driven plans with higher deductibles and no co-payments. The City has continued to educate employees on becoming wiser consumers of health care by managing their Health Reimbursement Account and Health Saving Account funds and with utilizing Flexible Spending Accounts.

Below is a plan comparison of the benefits under each medical plan. There will be no plan design changes to any of the medical plans going into FY 2015-16:

### **CAT PLAN – (Catastrophic Plan)**

- Indemnity Plan (fee for service like the HRA Plan but higher deductibles)
- Individual in-network deductible is \$5,000
- Out of Pocket Maximum – \$1,350
- Individual out of network deductible is \$10,000 and additional \$10,000 of out of pocket costs necessary to meet the Out of Pocket Maximum.
- Family in-network deductible is \$10,000
- Out of Pocket Maximum – \$2,700
- Family out of network deductible is \$20,000 and additional \$20,000 of out of pocket costs necessary to meet the Out of Pocket Maximum.
- 90% Coinsurance for use of Cigna Care Designated Provider (narrow network) and 80% for all other In-Network providers.
- Pharmacy Retail: 10% Generic, 30% Preferred Brand, and 40% Non-Preferred Brand to a max of \$150.
- Pharmacy Mail: 10% Generic, 25% Preferred Brand, and 40% Non-Preferred Brand to a max of \$300.
- Employees offered voluntary Gap Insurance through fully insured providers to offset the high deductible and out-of-pocket costs.

### **HRA PLAN – (Health Reimbursement Plan) Under the Health Reimbursement Account (HRA) only the City can contribute funds.**

- City contributes \$500 to the HRA account for employee only coverage and \$1000 to the HRA account for employee plus dependent(s). Employees who participate in the wellness program receive an additional \$250 in their account.
- Unused funds roll over each year.
- HRA funds are forfeited upon termination from the plan.
- Individual in-network deductible is \$2,000 and additional \$4,000 of out of pocket costs necessary to meet the Out of Pocket Maximum.
- Individual out-of-network deductible is \$5,900, and the Out of Pocket Maximum is an additional \$9,500.
- Family in-network deductible is \$4,000 and additional \$8,000 of out-of-pocket costs necessary to meet the Out of Pocket Maximum.
- Family out-of-network deductible is \$11,800, and the Out of Pocket Maximum is an additional \$19,000.
- 90% Coinsurance for use of Cigna Care Designated Provider (narrow network) and 80% for all other In-Network providers.
- Pharmacy Retail: 10% Generic, 30% Preferred Brand, and 40% Non-Preferred Brand to a max of \$150.

- Pharmacy Mail: 10% Generic, 25% Preferred Brand, and 40% Non-Preferred Brand to a max of \$300.

**HSA PLAN – Under the Healthcare Savings Account (HSA) Plan, employees have the option of choosing a plan where both the City and the employee can contribute money to the account. The IRS limits the annual contributions to an HSA. In 2015, contribution limits will be \$3,350 for employee only and \$6,650 for employee plus dependent. Employees over 55 can contribute an additional \$1,000. (Maximum includes the City’s contribution.)**

- City contributes \$500 to the HSA account for employee only coverage and \$1000 to the HSA account for employee plus dependent(s). Employees who participate in the wellness program receive an additional \$250 in their account.
- Unused funds roll over each year.
- HSA funds belong to the employee and are portable when the employee terminates from the plan.
- Individual in-network deductible is \$3,000 and additional \$2,950 of out of pocket costs necessary to meet the Out of Pocket Maximum.
- Individual out-of-network deductible is \$7,500 and additional \$9,500 of out of pocket costs necessary to meet the Out of Pocket Maximum.
- Family in-network deductible is \$6,000 and additional \$5,900 of out-of-pocket costs necessary to meet the Out of Pocket Maximum
- Family out-of-network deductible is \$15,000 and additional \$19,000 of out-of-pocket costs necessary to meet the Out of Pocket Maximum
- 90% Coinsurance for use of Cigna Care Designated Provider (narrow network) and 80% for all other In-Network providers.
- Pharmacy Retail: 10% Generic, 30% Preferred Brand, and 40% Non-Preferred Brand to a max of \$150.
- Pharmacy Mail: 10% Generic, 25% Preferred Brand, and 40% Non-Preferred Brand to a max of \$300.

**DENTAL PLAN**

There will be no changes to the dental plan next fiscal year. However, the premiums for dental insurance will increase 3% on October 1, 2015. Employees who carry dental insurance will pay \$7 per month in addition to the premium for their health insurance. The City’s contribution for dependents on the dental plan remains at an average of 25%.

**VISION PLAN**

The City will continue to offer fully insured vision insurance to employees and their dependents through Superior Vision. During the current plan year, Superior Vision acquired our incumbent, Block Vision. This was a seamless transition and there was no change in benefits or access to care. The City will continue paying for the employee’s coverage at a rate of \$3.75 per month per employee. Dependents are offered coverage with the employee paying 100% of the cost of the dependent coverage under the plan. This is will be the third year of a three-year contract allowing the rates to stay the same.

The employee premiums for Plan Year 2015-16 are detailed below:

	CIGNA Health Plans Monthly Rates		
	CAT	HSA	HRA
<b>Employee Only</b>	\$0	\$26	\$36
<b>Employee + Spouse</b>	\$27	\$243	\$329
<b>Employee + Child(ren)</b>	\$14	\$177	\$240
<b>Employee + Family</b>	\$57	\$415	\$561

**NOTE:**

- ✓ Add \$25 to all rates if employee does not participate in wellness program
- ✓ Add \$25 additional if covered spouse does not participate in wellness program
- ✓ Add \$25 if employee is a tobacco user and does not participate in Tobacco Cessation Program

**Retiree Insurance**

The retiree premiums for retirees under age 65 are based on the years of service an employee has with the City of Lewisville prior to retirement. The City’s contribution towards the premium is a flat rate based on the employee’s tenure with the City.

Currently, the City contributes the following amount towards the retiree premiums:

<b>CITY CONTRIBUTION RATE FOR RETIREES</b>				
25+	20 -24	15 to 19	10 to 14	Less Than 10
\$470	\$432	\$395	\$358	\$320
<b>CITY CONTRIBUTION RATE FOR SPOUSE</b>				
25+	20 -24	15 to 19	10 to 14	Less Than 10
\$0	\$0	\$0	\$0	\$0

The retiree premiums are determined by taking the City’s contribution and subtracting it from the actuary’s “expected cost”. The difference is the rate charged to the retirees.

The retirees age 65 and older are moved off the City’s active health to a fully insured plan where the City pays \$50 a month of the fully insured premiums.





**BOARD/COMMISSION**

ARTS ADVISORY BOARD

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

Page 2 of 2

MEMBERS	MONTHS													TOTALS			
		NAME/PLACE NO.	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present	Absent	
GENE CAREY PLACE NO. 6  CHAIRMAN (Lewisville Resident)	5/26/15					P										1	0
VACANT PLACE NO. 7  (Lewisville Resident)	5/26/15					A										0	1
KEN LANNIN PLACE NO. 8  (Lewisville Resident)	5/26/15					P										1	0
PEGGY ATKERSON PLACE NO. 9  (Lewisville Resident)	5/26/15					P										1	0

In order to insure that all board/commission members contribute by attending regular scheduled meetings of their respective board/commission, the Council has directed that attendance records be kept by city staff and forwarded to members for their review.



# ATTENDANCE REPORT

**BOARD/COMMISSION**

BLUE RIBBON 2025 VISION PLAN COMMITTEE

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

Page 2 of 2

MEMBERS	MONTHS												TOTALS		
	NAME/PLACE NO.	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present	Absent
TAMELA BOWIE PLACE NO. 5					NM									0	0
						NM									
							NM								
KRISTIN GREEN PLACE NO. 6					NM									0	0
						NM									
							NM								
TOYA GANT PLACE NO. 7					NM									0	0
						NM									
							NM								
KAREN LOCKE PLACE NO. 8					NM									0	0
						NM									
							NM								
RAY HERNANDEZ PLACE NO. 9					NM									0	4
						NM									
							NM								

In order to insure that all board/commission members contribute by attending regular scheduled meetings of their respective board/commission, the Council has directed that attendance records be kept by city staff and forwarded to members for their review.



ROBERT PAUL VICE-CHAIRMAN	4/7/15				P										4	1		
	5/5/15					P												
	5/19/15					P												
	5/26/15					P												
	6/16/15						A											
DEBBIE FU PLACE NO. 7	4/7/15				P										3	2		
	5/5/15					P												
	5/19/15					A												
	5/26/15					A												
	6/16/15						P											

= No Meeting due to lack of quorum. \* designates absence

In order to insure that all board/commission members contribute by attending regular scheduled meetings of their respective board/commission, the Council has directed that attendance records be kept by city staff and forwarded to members for their review.

# ATTENDANCE REPORT

**BOARD/COMMISSION**

CAPITAL IMPROVEMENTS ADVISORY COMMITTEE

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

Page 1 of 1

MEMBERS	MEETINGS	MONTHS												TOTALS		
		NAME/PLACE NO.	TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present
SEAN MICHAEL KIRK PLACE NO. 1					NM										0	0
						NM										
							NM									
BRANDON JONES PLACE NO. 2					NM									0	0	
						NM										
							NM									
JOEL BRENT DANIELS PLACE NO. 3					NM									0	0	
						NM										
							NM									
ALVIN TURNER PLACE NO. 4					NM									0	0	
						NM										
							NM									
STEPHEN C BYARS PLACE NO. 5					NM									0	0	
						NM										
							NM									
KRISTIN GREEN PLACE NO. 6					NM									0	0	
						NM										
							NM									
JAMES DAVIS PLACE NO. 7					NM									0	0	
						NM										
							NM									

In order to insure that all board/commission members contribute by attending regular scheduled meetings of their respective board/commission, the Council has directed that attendance records be kept by city staff and forwarded to members for their review.

# ATTENDANCE REPORT

**BOARD/COMMISSION**

LEWISVILLE HOUSING FINANCE CORPORATION

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

Page 1 of 1

MEMBERS	MEETINGS	MONTHS												TOTALS		
		NAME/PLACE NO.	TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present
CHARLES EMERY PLACE NO. 1					NM										0	0
						NM										
								NM								
LEE MCCLINTON PLACE NO. 2					NM									0	0	
						NM										
								NM								
R.L. CRAWFORD PLACE NO. 3					NM									0	0	
						NM										
								NM								
MARY E. SMITH PLACE NO. 4					NM									0	0	
						NM										
								NM								
HURL SCRUGGS PLACE NO. 5					NM									0	0	
						NM										
								NM								

In order to insure that all board/commission members contribute by attending regular scheduled meetings of their respective board/commission, the Council has directed that attendance records be kept by city staff and forwarded to members for their review.

## ATTENDANCE REPORT

**BOARD/COMMISSION**

LEWISVILLE INDUS. DEVEL. AUTH.

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

Page 1 of 1

MEMBERS	MEETINGS	MONTHS												TOTALS		
		NAME/PLACE NO.	TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present
R.L. CRAWFORD PLACE NO. 1					NM										0	0
						NM										
								NM								
MARY E. SMITH PLACE NO. 2					NM									0	0	
						NM										
								NM								
STEVE GRIFFIN PLACE NO. 3					NM									0	0	
						NM										
								NM								
HURL SCRUGGS PLACE NO. 4					NM									0	0	
						NM										
								NM								
CHARLES EMERY PLACE NO. 5					NM									0	0	
						NM										
								NM								

In order to insure that all board/commission members contribute by attending regular scheduled meetings of their respective board/commission, the Council has directed that attendance records be kept by city staff and forwarded to members for their review.

## ATTENDANCE REPORT

**BOARD/COMMISSION/COMMITTEE**

LIBRARY BOARD

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

Page 1 of 1

MEMBERS	MEETINGS	MONTHS												TOTALS		
		DATE/TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present	Absent
JAMES F TUCKER III PLACE NO. 1	4/15/2015				NM											
	5/20/2015					A										
	6/17/2015						NM								0	1
JENNIFER B LINDE PLACE NO. 2	4/15/2015				NM											
	5/20/2015					P									1	0
	6/17/2015						NM									
KATHALEEN RODRIGUEZ PLACE NO. 3	4/15/2015				NM											
	5/20/2015					P									1	0
	6/17/2015						NM									
JEAN FERGUSON PLACE NO. 4	4/15/2015				NM											
	5/20/2015					P									1	0
	6/17/2015						NM									
TOBY FABER PLACE NO. 5	4/15/2015				NM											
	5/20/2015					P									1	0
	6/17/2015						NM									
ROSARIO KLIER PLACE NO. 6	4/15/2015				NM											
	5/20/2015					P									1	0
	6/17/2015						NM									
CAROLYN RICHARD PLACE NO. 7	4/15/2015				NM											
	5/20/2015					P									1	0
	6/17/2015						NM									

In order to insure that all board/commission members contribute by attending regular scheduled meetings of their respective board/commission, the Council has directed that attendance records be kept by city staff and forwarded to members for their review.

# ATTENDANCE REPORT

**BOARD/COMMISSION**  
LEWISVILLE PARKS & LIBRARY  
DEVELOPMENT CORPORATION

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

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MEMBERS	MEETINGS	MONTHS												TOTALS	
NAME/PLACE NO.	TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present	Absent
TJ GILMORE PLACE NO. 1					NM									0	0
						NM									
							NM								
ROBERT SOLETE PLACE NO. 2					NM									0	0
						NM									
							NM								
KEN JUDKINS PLACE NO. 3					NM									0	0
						NM									
							NM								
R.NEIL FERGUSON PLACE NO. 4					NM									0	0
						NM									
							NM								
DEAN UECKERT PLACE NO. 5 PRESIDENT					NM									0	0
						NM									
							NM								
RUDY DURHAM PLACE NO. 6					NM									0	0
						NM									
							NM								
DOUGLAS KILLOUGH PLACE NO. 7 VICE-PRESIDENT					NM									0	0
						NM									
							NM								

## ATTENDANCE REPORT

**BOARD/COMMISSION**

OIL AND GAS ADVISORY BOARD

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

Page 1 of 1

MEMBERS	MEETINGS	MONTHS												TOTALS		
		NAME/PLACE NO.	TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present
DAVE LEOPOLD PLACE NO.1					NM	NM	NM								0	0
JENNIFER WHITAKER PLACE NO. 2					NM	NM	NM								0	0
ROBBY GALLEY PLACE NO. 3					NM	NM	NM								0	0
STEVE SOUTHWELL PLACE NO. 4 CHAIRPERSON					NM	NM	NM								0	0
AARON THESMAN PLACE NO. 5					NM	NM	NM								0	0
KATHI STOCK PLACE NO. 6					NM	NM	NM								0	0
RAYMOND DANIELS PLACE NO. 7					NM	NM	NM								0	0

In order to insure that all board/commission members contribute by attending regular scheduled meetings of their respective board/commission, the Council has directed that attendance records be kept by city staff and forwarded to members for their review.



# ATTENDANCE REPORT

**BOARD/COMMISSION**

OLD TOWN DESIGN REVIEW COMMITTEE

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

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MEMBERS		MONTHS												TOTALS	
NAME/PLACE NO.		JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present	Absent
DOUG KILLOUGH  PLACE NO. 5	4/13/2015				NM									2	1
	4/20/2015				P										
	4/27/2015				NM										
	5/4/2015					A									
	6/8/2015						NM								
	6/22/2015						P								
BILL PECK  ARCHITECT (NON-VOTING)	4/13/2015				NM									3	0
	4/20/2015				P										
	4/27/2015				NM										
	5/4/2015					P									
	6/8/2015						NM								
	6/22/2015						P								

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## ATTENDANCE REPORT

**BOARD/COMMISSION/COMMITTEE**

PARK BOARD

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

Page 1 of 2

MEMBERS	MEETINGS	MONTHS												TOTALS		
		NAME/PLACE NO.	DATE/TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present
JIM DOMER PLACE NO. 1	4/8/2015				N/M										1	0
	5/13/2015					P										
	6/10/2015						N/M									
WILLIAM SHULL PLACE NO. 2	4/8/2015				N/M									1	0	
	5/13/2015					P										
	6/10/2015						N/M									
RICHARD OROPEZA PLACE NO. 3	4/8/2015				N/M									1	0	
	5/13/2015					P										
	6/10/2015						N/M									
ROBERT TROYER PLACE NO. 4	4/8/2015				N/M									1	0	
	5/13/2015					P										
	6/10/2015						N/M									
ROBERT SOLETE PLACE NO. 5 CHAIRMAN	4/8/2015				N/M									1	0	
	5/13/2015					P										
	6/10/2015						N/M									
JAMES COLLIER PLACE NO. 6	4/8/2015				N/M									1	0	
	5/13/2015					P										
	6/10/2015						N/M									
MICHAEL POPE PLACE NO. 7	4/8/2015				N/M									1	0	
	5/13/2015					P										
	6/10/2015						N/M									

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## ATTENDANCE REPORT

**BOARD/COMMISSION/COMMITTEE**

PARK BOARD

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

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MEMBERS	MEETINGS	MONTHS												TOTALS		
		NAME/PLACE NO.	DATE/TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present
DAVID ADKISSON PLACE NO. 8	4/8/2015				N/M										1	0
	5/13/2015					P										
	6/10/2015						N/M									
CALLY BROWNING PLACE NO. 9 VICE CHAIRMAN	4/8/2015				N/M									1	0	
	5/13/2015					P										
	6/10/2015						N/M									

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## ATTENDANCE REPORT

**BOARD/COMMISSION**

**PLANNING & ZONING COMMISSION**

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

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MEMBERS	MEETINGS	MONTHS												TOTALS		
		NAME/PLACE NO.	TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present
SEAN MICHAEL KIRK PLACE NO. 1	4/7/15				P										5	1
	4/21/15				A											
	5/5/15					P										
	5/19/15					P										
	6/1/15						P									
	6/2/15							NM								
	6/16/15							P								
BRANDON JONES PLACE NO. 2	4/7/15				A									5	1	
	4/21/15				P											
	5/5/15					P										
	5/19/15					P										
	6/1/15						P									
	6/2/15							NM								
	6/16/15							P								
JOEL BRENT DANIELS PLACE NO. 3 VICE-CHAIRMAN (APPOINTED 1/23/12) ZBOA REP.	4/7/15				P									3		
	4/21/15				P											
	5/5/15					P										
	5/19/15															
	6/1/15															
	6/2/15							NM								
	6/16/15															
ALVIN TURNER PLACE NO. 4	4/7/15				P									6	0	
	4/21/15				P											
	5/5/15					P										
	5/19/15					P										
	6/1/15						P									
	6/2/15							NM								
	6/16/15							P								
STEPHEN C BYARS PLACE NO. 5	4/7/15				P									5	1	
	4/21/15				A											
	5/5/15					P										
	5/19/15					P										
	6/1/15						P									
	6/2/15							NM								
	6/16/15							P								

**BOARD/COMMISSION**

**PLANNING & ZONING COMMISSION**

04/01/2015 - 06/30/2015

MEMBERS	MEETINGS	MONTHS												TOTALS			
		NAME/PLACE NO.															
KRISTIN GREEN PLACE NO. 6	4/7/15				P											5	1
	4/21/15				A												
	5/5/15					P											
	5/19/15					P											
	6/1/15						P										
	6/2/15							NM									
	6/16/15							P									
JAMES DAVIS PLACE NO. 7 CHAIRMAN	4/7/15				P										6	0	
	4/21/15				P												
	5/5/15					P											
	5/19/15					P											
	6/1/15						P										
	6/2/15							NM									
	6/16/15							P									

In order to insure that all board/commission members contribute by attending regular scheduled meetings of their respective board/commission, the Council has directed that attendance records be kept by city staff and forwarded to members for their review.

## ATTENDANCE REPORT

**BOARD/COMMISSION/COMMITTEE**  
**TAX INCREMENT REINVESTMENT**  
**ZONE, NUMBER ONE**

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

Page 1 of 1

MEMBERS	MEETINGS	MONTHS												TOTALS		
		NAME/PLACE NO.	DATE/TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present
TAMELA BOWIE PLACE NO. 1					NM										1	0
	6/30/2015					NM		P								
AMANDA FERGUSON PLACE NO. 2					NM									1	0	
	6/30/2015					NM		P								
SCOTT STRANGE PLACE NO. 3					NM									1	0	
	6/30/2015					NM		P								
KELLIE F. STOKES PLACE NO. 4 CHAIRPERSON					NM									1	0	
	6/30/2015					NM		P								
BILL PECK PLACE NO. 5					NM									1	0	
	6/30/2015					NM		P								
DONNA KEARNS PLACE NO. 6					NM									1	0	
	6/30/2015					NM		P								
STEVE KUZMICH PLACE NO. 7 VICE-CHAIRMAN					NM									0	1	
	6/30/2015					NM		A								

In order to insure that all board/commission members contribute by attending regular scheduled meetings of their respective board/commission, the Council has directed that attendance records be kept by city staff and forwarded to members for their review.

NQ = No Quorum

NM = No Meeting

## ATTENDANCE REPORT

**BOARD/COMMISSION/COMMITTEE**  
**TAX INCREMENT REINVESTMENT**  
**ZONE, NUMBER TWO**

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

Page 1 of 1

MEMBERS	MEETINGS	MONTHS												TOTALS				
		NAME/PLACE NO.	DATE/TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present	Absent	
CHIP TABOR PLACE NO. 1					NM													
	6/30/2015					NM		P									1	0
PHILLIP HUFFINES PLACE NO. 2					NM													
	6/30/2015					NM		A									0	1
MITCHELLE D. VINER PLACE NO. 3					NM													
	6/30/2015					NM		A									0	1
BRANDON JONES PLACE NO. 4					NM													
	6/30/2015					NM		P									1	0
DREW DIETRICH PLACE NO. 5					NM													
	6/30/2015					NM		P									1	0
GENE CAREY PLACE NO. 6					NM													
	6/30/2015					NM		P									1	0
RONNI CADE PLACE NO. 7					NM													
	6/30/2015					NM		P									1	0

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NQ = No Quorum

NM = No Meeting

# ATTENDANCE REPORT

**BOARD/COMMISSION/COMMITTEE**  
**TRANSPORTATION BOARD**

**REPORTING PERIOD**  
 04/01/2015 - 06/30/2015

Page 1 of 1

MEMBERS	MEETINGS	MONTHS												TOTALS		
		NAME/PLACE NO.	DATE/TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present
SEAN MICHAEL KIRK PLACE NO. 1	7-Apr-15				P											
	5-May-15					NM									1	0
	2-Jun-15						NM									
BRANDON JONES PLACE NO. 2	7-Apr-15				A											
	5-May-15					NM									0	1
	2-Jun-15						NM									
JOEL BRENT DANIELS VICE-CHAIRMAN PLACE NO. 3 ZBOA REP.	7-Apr-15				P											
	5-May-15					NM									1	0
	2-Jun-15						NM									
ALVIN TURNER PLACE NO. 4	7-Apr-15				P											
	5-May-15					NM									1	0
	2-Jun-15						NM									
STEPHEN C. BYARS PLACE NO. 5	7-Apr-15				P											
	5-May-15					NM									1	0
	2-Jun-15						NM									
KRISTIN GREEN PLACE NO. 6	7-Apr-15				P											
	5-May-15					NM									1	0
	2-Jun-15						NM									
JAMES DAVIS PLACE NO. 7 CHAIRMAN	7-Apr-15				P											
	5-May-15					NM									1	0
	2-Jun-15						NM									

In order to insure that all board/commission members contribute by attending regular scheduled meetings of their respective board/commission, the Council has directed that attendance records be kept by city staff and forwarded to members for their review.

## ATTENDANCE REPORT

**BOARD/COMMISSION**

**ZONING BOARD OF ADJUSTMENT**

**REPORTING PERIOD**

04/01/2015 - 06/30/2015

Page 1 of 1

MEMBERS	MEETINGS	MONTHS												TOTALS		
		NAME/PLACE NO.	TYPE	JAN	FEB	MAR	APRIL	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC	Present
TOM JENSEN CHAIRMAN PLACE NO. 1	4/1/2015				NM										1	0
	5/6/2015					P										
	6/3/2015						NM									
ANTONIO GALLIZZI VICE-CHAIRMAN PLACE NO. 2	4/1/2015				NM									1	0	
	5/6/2015					P										
	6/3/2015						NM									
MARYELLEN MIKSA PLACE NO. 3	4/1/2015				NM									1	0	
	5/6/2015					P										
	6/3/2015						NM									
DEBBIE INGLEDUE PLACE NO. 4	4/1/2015				NM									0	1	
	5/6/2015					A										
	6/3/2015						NM									
JOEL BRENT DANIELS PLACE NO. 5 P&Z REPRESENTATIVE	4/1/2015				NM									1	0	
	5/6/2015					P										
	6/3/2015						NM									
JAMES COLLIER ALTERNATE #1	4/1/2015				NM									1	0	
	5/6/2015					P										
	6/3/2015						NM									
ROY WIEGMANN ALTERNATE #2	4/1/2015				NM									1	0	
	5/6/2015					P										
	6/3/2015						NM									

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