



City of Farmers Branch

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Meeting Agenda - Final

City Council

Tuesday, May 3, 2016

6:00 PM

Council Chambers

Study Session Meeting to be held at 3:00 PM in the Study Session Room

A. STUDY SESSION

- A.1 [16-124](#) Discuss regular City Council meeting agenda items.
- A.2 [16-125](#) Discuss agenda items for future City Council meetings.
- A.3 [16-113](#) Reception honoring Council Member Kirk Connally for his service as Farmers Branch City Council Member, District 4.

B. INVOCATION & PLEDGE OF ALLEGIANCE

C. CEREMONIAL ITEMS

- C.1 [16-130](#) Presentation of a proclamation declaring May as Motorcycle Safety and Awareness month in Farmers Branch.
- C.2 [16-122](#) Proclamation recognizing the month of May as Older Americans Month in Farmers Branch.
- C.3 [16-121](#) Proclamation recognizing the month of May as National Bike Month in Farmers Branch.
- C.4 [16-126](#) Consider accepting a donation from the Farmers Branch Rainbow Girls in the amount of \$1,500 to the Police Department K9 program; and take appropriate action.
- C.5 [16-129](#) Consider appointing an Advisory Committee Representative and Alternate Representative to the Trinity River Authority's Central Wastewater Treatment System; and take appropriate action.

D. REPORT ON STUDY SESSION ITEMS

E. CITY MANAGER'S REPORT AND ITEMS OF COMMUNITY INTEREST

Pursuant to Section 551.0415 of the Texas Government Code, the City Council or City Administration may report information on the following items: 1) expression of thanks, congratulations or condolences, 2) information about holiday schedules, 3) recognition of individuals, 4) reminders about upcoming City events, 5) information about community events, and 6) announcements involving an imminent threat to public health and safety.

F. CITIZEN COMMENTS

This agenda item provides an opportunity for citizens to address the City Council on any matter that is not posted on the agenda. Anyone wishing to address the City Council should complete a Citizen Comments Registration Card and submit it to the City Secretary or City Administration prior to the start of the City Council meeting. There is a three (3) minute time limit for each citizen to speak. Anyone wishing to speak shall be courteous and cordial. No disparaging or inflammatory remarks directed at any member of the City Council or City staff will be allowed.

The City Council is not permitted to take action on any subject raised by a speaker during Citizen Comments. However, the City Council may have the item placed on a future agenda for action; refer the item to the City Manager and/or City Administration for further study or action; briefly state existing City policy; or provide a brief statement of factual information in response to the inquiry.

G. CONSENT AGENDA

- G.1** [16-123](#) Consider approving minutes of the April 19, 2016, regular City Council meeting; and take appropriate action.
- G.2** [R2016-048](#) Consider approving Resolution No. 2016-048 accepting a grant from the Criminal Justice Division of the Governor's Office for Body-Worn Cameras in the amount of \$29,400 and authorizing a 25% grant match of \$7,350 from the City; and take appropriate action.
- G.3** [R2016-049](#) Consider approving Resolution No. 2016-049 in support of the application of Windy Ridge, LLC. to the Texas Commission on Environmental Quality for a Municipal Settings Designation for property located at 1000 Lake Ridge Road in Lewisville, Texas; and take appropriate action.

H. PUBLIC HEARINGS

- H.1** [ORD-3367](#) Conduct a public hearing and consider adopting Ordinance No. 3367 approving a Specific Use Permit for a nursing school facility located at 2711 LBJ Freeway; and take appropriate action.
- H.2** [ORD-3368](#) Conduct a public hearing and consider adopting Ordinance No. 3368 approving a text amendments to Article 8, "Definitions and Explanations Noted in Use Regulations" of the Comprehensive Zoning Ordinance; and take appropriate action.

I. REGULAR AGENDA ITEMS

- I.1 [R2016-046](#) Consider approving Resolution No. 2016-046 authorizing execution of a Residential Demolition/Rebuild Program Incentive Agreement for the owner of the property located at 2707 Farmers Branch Lane; and take appropriate action.
- I.2 [ORD-3369](#) Consider adopting Ordinance No. 3369 authorizing the issuance of City of Farmers Branch, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016, in an aggregate principal amount of not to exceed \$2,600,000 for public safety improvements, equipment and supporting systems for the Farmers Branch Justice Center; awarding the sale of the Certificates, levying a tax in payment thereof and providing for the security for and payment of said Certificates; approving the official statement and a paying agent/registrars agreement; enacting other provisions relating thereto; declaring an effective date; and take appropriate action.

The City Council may convene into executive session at anytime during the Study Session or Regular Session pursuant to Texas Government Code Section 551.071(2) for the purpose of seeking confidential legal advice from the City Attorney on any regular or study session agenda item.

J. EXECUTIVE SESSION

- J.1 [16-127](#) Council may convene into a closed executive session pursuant to Section 551.087 of the Texas Government Code to deliberate regarding:
- Discuss Economic Development Incentive for Project Echo

City Council may convene into a closed executive session pursuant to Section 551.072 of the Texas Government Code to deliberate regarding:

- Discuss the purchase, exchange, lease, or sale of real property located north of Farmers Branch Lane, east of Josey Lane, west of Denton Drive, and south of Valley View Lane

Council may convene into closed executive session pursuant to Section 551.074 of the Texas Government Code to deliberate regarding:

- Personnel Matters - Discussion of appointment of a City Manager

K. RECONVENE INTO REGULAR SESSION AND TAKE ANY ACTION NECESSARY AS A RESULT OF THE CLOSED SESSION

Farmers Branch City Hall is wheelchair accessible. Access to the building and special parking are available at the main entrance facing William Dodson Parkway. Persons with disabilities planning to attend this meeting who are deaf, hearing impaired or who may need auxiliary aids such as sign interpreters or large print, are requested to contact the City Secretary at (972) 919-2503 at least 72 hours prior to the meeting.

Certification

I certify that the above notice of this meeting was posted on the bulletin board at City Hall on Thursday, April 28, 2016 no later than 6 p.m.

City Secretary



City of Farmers Branch

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Staff Report

File Number: 16-124

Agenda Date: 5/3/2016

Version: 1

Status: Study Session

In Control: City Council

File Type: Report

Agenda Number: A.1

Discuss regular City Council meeting agenda items.



City of Farmers Branch

Farmers Branch City Hall
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Farmers Branch, Texas
75234

Staff Report

File Number: 16-125

Agenda Date: 5/3/2016

Version: 1

Status: Study Session

In Control: City Council

File Type: Report

Agenda Number: A.2

Discuss agenda items for future City Council meetings.



City of Farmers Branch

Farmers Branch City Hall
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75234

Staff Report

File Number: 16-113

Agenda Date: 5/3/2016

Version: 1

Status: Study Session

In Control: City Council

File Type: Procedural Item

Agenda Number: A.3

Reception honoring Council Member Kirk Connally for his service as Farmers Branch City Council Member, District 4.

BACKGROUND:

With many years of volunteer service to his credit, including the past three years as a member of the Farmers Branch City Council, Mayor Pro Tem Kirk Connally will be celebrated with a special reception in the lobby at Farmers Branch City Hall from 5:30 to 6 p.m.

At the May 17, 2017, City Council meeting, election votes will be canvassed and Mr. Connally's replacement will be sworn in.



City of Farmers Branch

Farmers Branch City Hall
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Staff Report

File Number: 16-130

Agenda Date: 5/3/2016

Version: 1

Status: Ceremonial

In Control: City Council

File Type: Proclamation

Agenda Number: C.1

Presentation of a proclamation declaring May as Motorcycle Safety and Awareness month in Farmers Branch.

Proclamation

Office of the Mayor City of Farmers Branch, Texas

WHEREAS, today's society is finding more citizens involved in motorcycling on the roads of our country; and

WHEREAS, motorcyclists are roughly unprotected and therefore more prone to injury or death in a crash than other vehicle drivers; and

WHEREAS, campaigns have helped inform rides and motorists alike on motorcycle safety issues to reduce motorcycle related risks, injuries, and most of all fatalities, through a comprehensive approach to motorcycle safety; and

WHEREAS, it is the responsibility of all who put themselves behind the wheel, to become aware of motorcyclists, regarding them with the same respect as any other vehicle travelling the highways of this country; and it is the responsibility of riders and motorists alike to obey all traffic laws and safety rules; and

WHEREAS, urging all citizens of our community to become aware of the inherent danger involved in operating a motorcycle, and for riders and motorists alike to give each other the mutual respect they deserve.

Now, therefore I, Mayor Bob Phelps, by authority vested in me and on behalf of our City Council do hereby proclaim the month of May, 2016, as:

Motorcycle Safety and Awareness Month

Given at Farmers Branch, Texas
this 3rd day of May, 2016.

Bob Phelps, Mayor



City of Farmers Branch

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Staff Report

File Number: 16-122

Agenda Date: 5/3/2016

Version: 1

Status: Ceremonial

In Control: City Council

File Type: Proclamation

Agenda Number: C.2

Proclamation recognizing the month of May as Older Americans Month in Farmers Branch.

May is nationally recognized as *Older Americans Month*. This year's theme is "Blaze a Trail." The Senior Advisory Board and City Administration request that the City Council proclaim May as *Older Americans Month* in Farmers Branch, which will raise public awareness of popular endeavors senior citizens can pursue to fulfill their leisure and volunteer interests.

Just some of the popular activities offered during the month of May at the Senior Center include, Monday Night Dances, Fishin' Fun volunteer opportunities, day trips including the Fort Worth Botanical Gardens and a Texas Rangers Baseball Game, as well as a Texas Hold'em Tournament.

Farmers Branch seniors are a vibrant and active group who are involved in community functions and who help make Farmers Branch the outstanding City that it is.

Senior Advisory Board Chairman, Matt Rice is in attendance with other Board members to represent Farmers Branch senior citizens, so let's "Blaze a Trail"!

ATTACHMENT:

1. Proclamation

Proclamation

Office of the Mayor City of Farmers Branch, Texas

WHEREAS, May is nationally proclaimed as *Older Americans Month* and this year's theme is "Blaze a Trail," and

WHEREAS, the City of Farmers Branch includes a community of older Americans who deserve recognition for their contributions to our nation; and

WHEREAS, the City of Farmers Branch recognizes that older adults are trailblazers advocating for their peers, and their communities, paving the way for future generations; and

WHEREAS, the City of Farmers Branch is committed to raising awareness about issues facing older Americans and helping all individuals to thrive in communities of their choice for as long as possible; and

WHEREAS, the Senior Center can provide opportunities to enrich the lives of individuals by:

- Promoting and engaging in activity, wellness, and social inclusion.
- Emphasizing community based services that support independent living.
- Ensuring community members of all ages benefit from the contributions and experience of older adults.

Now, therefore I, Mayor Bob Phelps, by authority vested in me and on behalf of our City do hereby proclaim May 2016 as:

Older Americans Month

In Farmers Branch and urge every resident to take time this month to recognize older adults and the people who serve and support them as powerful and vital individuals who greatly contribute to our community.

Given at Farmers Branch, Texas
this 3rd day of May, 2016.

Bob Phelps, Mayor



City of Farmers Branch

Farmers Branch City Hall
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75234

Staff Report

File Number: 16-121

Agenda Date: 5/3/2016

Version: 1

Status: Ceremonial

In Control: City Council

File Type: Proclamation

Agenda Number: C.3

Proclamation recognizing the month of May as National Bike Month in Farmers Branch.

BACKGROUND:

May is recognized as National Bike Month by the League of American Bicyclists and dates back to 1956. Communities from across the country will be celebrating the event this month. Since bicycling is an environmentally sound form of transportation the North Central Texas Council of Governments supports May 20th as National Bike to Work Day.

Bicycling is an enjoyment for the entire family and an excellent means of recreation to improve health and wellness. May is an excellent opportunity for the City of Farmers Branch to showcase these benefits.

The City's adopted Trail Master Plan guides the creation and enhancement of bicycling opportunities within Farmers Branch as well as providing connectivity to surrounding cities and destination points. Phase 1 of the trail implementation coming soon and will include shared lanes and wide sidewalks along Valley View Lane.

During the month of May, Parks and Recreation staff will be distributing information to promote National Bike Month.

ATTACHMENT:

1. Proclamation

Proclamation

Office of the Mayor

City of Farmers Branch, Texas

WHEREAS, the League of American Bicyclists has declared May as National Bike Month and the North Central Texas Council of Governments supports May 20th as National Bike to Work Day; and

WHEREAS, creating bicycle-friendly communities has been shown to improve citizens' health, well-being, and quality of life, to boost community spirit, to improve traffic safety, and to reduce pollution and congestion; and

WHEREAS, the bicycle is an economical, healthy, convenient, and environmentally sound form of transportation and an excellent tool for recreation and enjoyment; and

WHEREAS, millions of Americans will experience the joys of bicycling during the month of May through educational programs, bike commuting, or just getting out and going for a ride; and

WHEREAS, the City of Farmers Branch is in the process of implementing Phase 1 of the adopted Trail Master Plan that will enhance bicycling opportunities; and

WHEREAS, the education of bicyclists and motorists to share the lane is important to ensure the safety and comfort of all users; and

Now, therefore I, Bob Phelps, by authority vested in me and on behalf of our City Council do hereby proclaim the month of May 2016 as

National Bike Month

in Farmers Branch, Texas. I encourage all who support bicycling to participate in related activities and urge all road users to share the road safely with bicyclists. Get out and ride your bike!

Bob Phelps
Mayor



City of Farmers Branch

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Staff Report

File Number: 16-126

Agenda Date: 5/3/2016

Version: 1

Status: Ceremonial

In Control: City Council

File Type: Donation

Agenda Number: C.4

Consider accepting a donation from the Farmers Branch Rainbow Girls in the amount of \$1,500 to the Police Department K9 program; and take appropriate action.

BACKGROUND:

The Farmers Branch Rainbow Girls approached the police department wanting to raise funds to benefit the Police K9 Program. The current police K9 vehicle is in the process of being replaced and all the specialized safety equipment to keep "Bullet", the Police K9, safe is in need of replacement. The Farmers Branch Rainbow Girls, an organization that stresses leadership, confidence and citizenship, raised \$1,500 to help purchase this very important safety equipment to help protect the Police K9 during the hot Texas summers. Rainbow Girl Jezzica Estrada and Mother Advisor Crystal Padgett are here to present the check to the City.

DISCUSSION:

The donated funds will be used to purchase a K9 Heat Alarm System that notifies the police K9 handler of a failure of the temperature control systems in the police vehicle.

RECOMMENDATION:

City Administration recommends accepting the donation from the Rainbow Girls in the amount of \$1,500.

POSSIBLE COUNCIL ACTION:

1. I move to accept a \$1,500 donation from the Rainbow Girls.
2. I move to deny a \$1,500 donation from the Rainbow Girls.
3. I move to table the issue for further study or take no action.

ATTACHMENTS:

1. Thank you letter



FARMERS BRANCH

May 3, 2016

Rainbow Girls
C/O: Crystal Padgett, Advisor
12823 Demetra
Farmers Branch, Texas 75234

Dear Rainbow Girls,

On behalf of the City Council, the citizens of Farmers Branch, and the City Staff I thank you for the generous donation in the amount of \$1,500 to the Farmers Branch Police Department K9 Program. Keeping our community safe has always been a top priority in Farmers Branch and we appreciate your support.

Sincerely,

Bob Phelps
Mayor



City of Farmers Branch

Farmers Branch City Hall
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Farmers Branch, Texas
75234

Staff Report

File Number: 16-129

Agenda Date: 5/3/2016

Version: 1

Status: Ceremonial

In Control: City Council

File Type: Report

Agenda Number: C.5

Consider appointing an Advisory Committee Representative and Alternate Representative to the Trinity River Authority's Central Wastewater Treatment System; and take appropriate action.

BACKGROUND:

This is an annual appointment of a governing officer to be a voting member of the Advisory Committee for Trinity River Authority's Central Wastewater Treatment System. These members serve a one year term in accordance with the Central Regional Wastewater System Bylaws.

DISCUSSION:

Typically the City appoints a City Council member to serve as the contracting party representative and a staff member is appointed as the alternate. Utilities Superintendent Craig Hahn has served as the alternate representative and seeks reappointment.

RECOMMENDATION:

City Administration recommends the City Council appoint one Council Member to serve as Representative to the Trinity River Authority's Central Wastewater Treatment System and reappoint Craig Hahn as alternate member.

POSSIBLE COUNCIL ACTION:

1. I move to approve appointing Council Member _____, as Representative; and Craig Hahn, Utilities Superintendent as Alternate Representative to the Trinity River Authority's Central Regional Wastewater System.
2. I move to table the issue for further study or take no action.

ATTACHMENTS:

1. Trinity River Authority Nomination Form with Letter

Trinity River Authority of Texas



Northern Region Office

DATE: April 19, 2016

FILE: 3110.102

TO: MEMBERS, Advisory Committee
Central Regional Wastewater System

RE: Authorized Contracting Party Representative and
Authorized Alternate Representative

The Contract between the Trinity River Authority and each Contracting Party states that "the City's governing body shall annually appoint one of the members of its governing body or one of its officers as a voting member of the Advisory Committee for the Authority's Central Wastewater Treatment System." The contract further states "the term of membership on the Advisory Committee shall be for twelve (12) months" and also "A member may serve more than one (1) term if so appointed by the governing body represented.

The Central Regional Wastewater System Bylaws specify that an alternate representative be appointed to serve as the voting member of the contracting party in the event its appointed representative is unable to attend an Advisory Committee.

To be in compliance with the contracting parties' contracts and Central Regional Wastewater System Bylaws, please complete the attached form and have it executed by your authorized official. A letter from your city will also be acceptable.

It is requested that this form be returned to us by May 31, 2016. You may also send an electronic copy to Cheryl Abbott at abbottc@trinityra.org.

If you have any questions about this, please contact me at 817-493-5100 or allenf@trinityra.org.

Fiona M Allen

FIONA M. ALLEN, P.E.
Regional Manager
Northern Region

/cea



CENTRAL REGIONAL WASTEWATER SYSTEM
ADVISORY COMMITTEE

CONTRACTING PARTY: CITY of FARMERS BRANCH

In accordance with Section 6.11 ADVISORY COMMITTEE of the Contracting Party Contracts and the Bylaws of the Central Regional Wastewater System, the following individual has been appointed as the Contracting Party Representative and Voting Member for a twelve month period. In addition, an Alternate Contracting Party Representative is also named.

CONTRACTING PARTY REPRESENTATIVE

ALTERNATE REPRESENTATIVE

Name

CRAIG HAHN
Name

Title

UTILITIES SUPERINTENDENT
Title

Address

13000 WILLIAM DODSON PARKWAY
Address

Email

CRAIG.HAHN@FARMERSBRANCHTX.GOV
Email

Phone

972-919-2597
Phone

Cell Phone

469-853-4367
Cell Phone

MAYOR/CITY MANAGER

DATE

FORM MUST BE RECEIVED BY MAY 31, 2016. Please complete form and return to:

Cheryl Abbott
Trinity River Authority of Texas
Northern Region
P. O. Box 240
Arlington, TX 76004-0240

FORM MAY ALSO BE SENT ELECTRONICALLY TO abbottc@trinityra.org.
If you have questions, please contact Cheryl Abbott at 817-493-5100



City of Farmers Branch

Farmers Branch City Hall
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Farmers Branch, Texas
75234

Staff Report

File Number: 16-123

Agenda Date: 5/3/2016

Version: 1

Status: Consent Agenda

In Control: City Council

File Type: Report

Agenda Number: G.1

**Consider approving minutes of the April 19, 2016, regular City Council meeting;
and take appropriate action.**



City of Farmers Branch

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Meeting Minutes

City Council

Tuesday, April 19, 2016

6:00 PM

Council Chambers

Study Session Meeting to be held at 3:00 PM in the Study Session Room

- Presiding:** 1 - Mayor Bob Phelps
- Present:** 5 - Deputy Mayor Pro Tem Harold Froehlich, Council Member John Norwood, Mayor Pro Tem Kirk Connally, Council Member Mike Bomgardner, Council Member Ana Reyes
- Staff:** 13 - Charles Cox Interim City Manager, Amy Piukana City Secretary, Pete Smith City Attorney, Sid Fuller Police Chief, David Hale Deputy Police Chief, John Land Managing Director Operations, LaJeana Thomas Executive Assistant Administration, Allison Cook Economic Development Manager, Andy Gillies Community Services Director, Tom Bryson Communications Director, Hugh Pender Building Official, Andy Gillies Community Services Director, Katy Evans Environmental Health Manager

A. CALL TO ORDER

Mayor Phelps called the meeting to order at 3:02 p.m.

A.1 [16-110](#) Discuss regular City Council meeting agenda items.

There was no discussion regarding this item.

A.2 [16-097](#) Receive a legislative update from Texas Representative Matt Rinaldi.

Mayor Phelps asked that Agenda Item A.2 be moved to a future meeting.

A.3 [16-118](#) Conduct a work session to discuss and review the following: City's financial status, revenues, expenditures, projects, balances, financial

trends, capital projects, fixed assets, and other issues related to the 2015-16 Mid-Year Budget, future City budgets, and long range planning activities.

Mr. Cox reviewed the City's Mission Statement and Strategic Planning Cycle. He also reviewed the Top Ten Mid-Year Budget list. Mr. Cox reviewed the following information for General Fund Revenues - Sales tax revenues are up \$30,000, building permit revenues are down \$200,000, Intergovernmental Revenue is up \$150,000, Interest is up \$44,300, Commercial Rents up \$20,000, and Garbage Sack sales down \$5,000 noting total revenues are up \$39,300.

Mr. Cox reviewed the following information regarding General Fund Expenditures; Personal services/benefits are up \$378,600, purchased professional technical services are down \$132,200, supplies are down \$8,300, repairs and maintenance are up \$198,000, services are up \$317,900, events are up \$25,000, other downs include \$270,000, transfers are up (negative) \$183,100 with total expenditures up \$326,100. Mr. Cox reviewed the General Fund Balance Projections and Water Consumption trends. Mr. Cox noted water consumption is down 6% due to moderate/wet weather conditions and conservation. He explained there is a negative cash position as of March 31st of -\$1.3 million. Mr. Cox reviewed the cash and investment position of Water and Sewer Fund, noting the following recommended options: monitor through year end, no debt, future rate increase proposals are likely. He noted there was a 15% increase implemented in FY 16, and Dallas Water Utilities and Trinity River Authority are estimating a 4-5% cost increase through 2018.

Mr. Cox reviewed the Eastside Comprehensive Plan, noting contracted services increased \$95,000 (delayed from prior year). Mr. Cox reviewed the full time position changes noting two additional Code Enforcement Officers have been hired, and the relocation of Police Dispatchers to NTECC. He further closed with reviewing the Financial Condition Analysis which has six areas to cover, these are - community needs and resources indicators, revenue indicators, expenditure indicators, operating position indicators, debt structure indicators, and long term liabilities.

Council Member Bomgardner asked that with the NTECC delays, will the city seek reimbursement for costs incurred regarding equipment delays. Mr. Cox explained affected cities and their City Managers will meet to discuss costs and seek appropriate reimbursement.

Council Member Bomgardner asked if tax incentives that are offered through an Economic Development agreement, show up in the budget numbers. Mr. Cox explained if an incentive is offered through a sales tax rebate, it's visible through reduced sales tax revenue. He states if it's a rebate, it would be taken out of a line item account. He further stated if a cash incentive was offered, this would come out of an expenditure account through the Economic Development account. He noted next year, the budget will have a report that itemizes and lists all economic development agreements with terms and amounts. He explained this is very transparent of all the impacts related to the agreement.

Mr. Cox updated City Council stating that the \$250,000 contingency fund is still available to be used in conjunction with the compensation study results.

A.4 [16-117](#) Receive a report on the City's mosquito spraying protocol and public education campaign for 2016.

Environmental Health Manager Katy Evans provided a presentation and report regarding the City's mosquito spraying protocol and public education campaign. Ms. Evans noted a new challenge this year is the Zika Virus noting prevention is key.

Council Member Norwood asked if the Zika Virus cases are transmitted from people outside of United States traveling to the United States, and asked if any local cases have been reported. Ms. Evans explained no local cases to date. She noted the mosquitos that transfer the Zika Virus bite during the day which is different from the West Nile type mosquitos that bite during the evenings. She noted prevention is key.

Council Member Bomgardner asked if the cases are acquired abroad. Ms. Evans explained these are acquired abroad.

Deputy Mayor Pro Tem Froehlich asked when mosquito spraying will begin. Ms. Evans explained Date Night at the Park will be the first spray since it is a big outdoor event, noting May 5th is the first scheduled spraying event.

Interim City Manager Charles Cox added that over the counter mosquito repellent can prevent the Zika Virus. Ms. Evans explained any bug spray containing deet works best.

Council Member Reyes asked if the city is publicizing areas being sprayed. Ms. Evans replied the city utilizes outdoor signage in areas being sprayed. She further stated information is located on the website and signage contains a phone number residents can call to locate areas being sprayed.

Council Member Reyes asked if any organic sprays have been used that might be less potent to children and animals. Ms. Evans explained the city uses the lowest safest chemical that is necessary to treat areas.

Council Member Reyes asked if door hangers would be utilized this year. Mr. Gillies explained last year door hangers were used due to increased rain, he explained this year we might utilize door hangers if rain continues.

A.5 [16-119](#) Presentation of a proposed public service announcement regarding the screening requirements for the new recycling containers.

Community Services Director Andy Gillies reviewed a video explaining how to construct a wood screening for recycling containers showing ideas of how to meet the requirement and showing where to place them at the resident's home. Managing Director of Administration John Land noted the Boy Scouts will team with the Chamber and provide a program to help assist residents in need.

A.6 [16-111](#) Discuss agenda items for future City Council meetings.

Council Member Bomgardner asked for a future agenda item to discuss music venues for park events. Council Member Bomgardner noted we need to discuss vendor expense to see if there is an option to offset expense, possibly collect parking fees or other ideas.

Mayor Phelps recessed at 3:49 p.m. for a 10 minute break.

Mayor Phelps reconvened at 4 p.m. and skipped to Agenda Item J.1, a closed Executive Session to discuss the following:

- J.1** [16-105](#) **Council may convene into a closed executive session pursuant to Section 551.071 of the Texas Government Code to deliberate regarding:**
- Discuss contemplated civil litigation regarding the substandard multifamily property located at 2835 & 2875 Villa Creek, Farmers Branch, Texas

Council may convene into closed executive session pursuant to Section 551.074 of the Texas Government Code to deliberate regarding:

- Personnel Matters - Valwood Improvement Authority Board Member appointments
- Personnel Matters - Discussion of selection process and criteria for appointment of a City Manager

Council may convene into a closed executive session pursuant to Section 551.072 of the Texas Government Code to:

- Discuss the purchase, exchange, lease, or sale of real property located at 2737 Farmers Branch Lane

Council may convene into a closed executive session pursuant to Section 551.087 of the Texas Government Code to deliberate regarding:

- Economic Development Incentive for Project Echo

Mayor Phelps recessed from closed executive session at 5:53 p.m.

Mayor Phelps called the Regular Meeting to order at 6 p.m.

B. INVOCATION & PLEDGE OF ALLEGIANCE

Council Member Bomgardner provided the Invocation. Boy Scout Aiden Dornbeck with Troop 874 of the Boy Scouts of America led the Pledge of Allegiance.

C. CEREMONIAL ITEMS

- C.1** [16-104](#) **Presentation of the Metrocrest Chamber of Commerce Rising Star Award to Environmental Health Manager Katy Evans.**

Mayor Phelps recognized Environmental Health Manager Katy Evans who received the Metrocrest Chamber of Commerce Rising Star Award. Ms. Erin Carney with Metrocrest Chamber was present to award Ms. Katy Evans with this award.

D. REPORT ON STUDY SESSION ITEMS

Deputy Mayor Pro Tem Froehlich provided an update regarding Study Session items.

E. CITY MANAGER'S REPORT AND ITEMS OF COMMUNITY INTEREST

Interim City Manager Charles Cox provided the following report and community interest items:

- **Date Night in the Park** is set for Saturday, April 23. The popular event at the Farmers Branch Historical Park will feature food trucks, live music from the Midnight River Choir and an outdoor movie after dark with "Daddy's Home," starring Will Ferrell and Mark Wahlberg. Admission is free. Find out more at fbspecialevents.com.
- The City is holding a **Board and Commissions Recruitment event** May 10th at 6 p.m. here at City Hall. We are always looking for civic-minded residents who want to give back by donating their time to serve on one of our boards and commissions. Please call the City Secretary's office at 972.919.2503 or come by City Hall on May 10th to find out more.
- The new **All-Inclusive Rotary Playground at Gussie Field Watterworth Park** is now open and will celebrate its ribbon-cutting on Saturday, April 30th at 11 a.m. A joint venture between the two local Rotary Clubs, the playground is designed for kids of all abilities to be able to play together.
- The all-new **Farmers Branch Market** is planning a grand opening on Saturday, May 7 in The Grove at Mustang Station. A new take on the traditional Farmers Market concept, the market will feature produce vendors along with arts, crafts and specialty items for sale. Farmers Branch Market will be open every Saturday from 8 a.m. to 12 noon, May through October.
- And, mark your calendars for the annual **Fishin' Fun** in Farmers Branch event, coming up Saturday, May 14. Kids, ages 16 and under, will be able to help pull more than one ton of catfish out of Rawhide Creek, near City Hall. Find out more at fbspecialevents.com.
- Don't forget to sign up for eNews at farmersbranchtx.gov to have current City news and information delivered directly to your eMail box.

F. CITIZEN COMMENTS

There were no citizens that wished to speak.

G. CONSENT AGENDA

- G.1 [16-091](#) Consider approving minutes of the March 29, 2016, Work Session meeting and April 5, 2016, regular City Council meeting; and take appropriate action.
- G.2 [R2016-033](#) Consider approving Resolution No. 2016-042 authorizing the City Manager to execute an agreement with GFC Contracting, through the Buy Board Purchasing Cooperative agreement for paint services; and take appropriate action.

Motion made by Mayor Pro Tem Connally to approve Consent Items G.1 through G.2, as presented. Motion second by Council Member Bomgardner. Motion prevailed by the following vote:

Aye: 5 - Mayor Pro Tem Connally, Deputy Mayor Pro Tem Froehlich, Council Member Reyes, Council Member Norwood and Council Member Bomgardner

H. **PUBLIC HEARINGS**

- H.1 [ORD-3361](#) **Conduct a public hearing and consider adopting Ordinance No. 3361 amending Planned Development No. 88 (PD-88), on an approximate 25.27 acres tract from “Office-1” subdistrict into “Mid-Density Residential”, subdistrict, establishing a Conceptual Site Plan; and take appropriate action.**

Community Development Director Andy Gillies briefed City Council regarding this item noting the applicant is proposing to rezone approximately 25.27 acres from “Office-1” subdistrict into “Mid-Density Residential” subdistrict.

Mr. Gillies stated the overall site is bordered to the north by the Monitronics headquarters, to the east by the approved Brickyard Community Phase 2 and to the west by the expanding Mercer Crossing Lake. Mr. Gillies noted the site is located within Planned Development District No. 88 (PD-88). He stated the overall site contains approximately 25.27 acres, noting this site will consist of 23 buildings containing approximately 698 dwelling units in a combination of one, two and three bedroom units (76% one-bedroom units, 17% two-bedroom units, 7% three-bedroom units) and proposes a density of 27.63 units/acre. The buildings will average from two to four stories in height as follows: 4 two-story buildings (Building 8, 9, 11 and 12 on the Conceptual Site Plan), 17 three-story buildings and 2 large four-story buildings (Building 7 and 10 on Conceptual Site Plan). The four-story buildings will contain interior multi-level parking facilities and interior courtyards.

Mr. Gillies noted the applicant is proposing to construct this development in three phases, noting Phase One will consist of approximately 10.77 acres and 8 buildings (Building 1 through 8 on Conceptual Site Plan) and will include 351 dwelling units, all one or two bedroom apartments (81% one-bedroom units). Phase Two will consist of approximately 7.44 acres and 6 buildings (Building 9 through 14 on Conceptual Site Plan), including 299 dwelling units, all one or two bedroom apartments (80% one-bedroom units). Phase Three will consist of approximately 7.05 acres and 9 buildings (Building 15 through 23 on Conceptual Site Plan), and include 48 dwelling units.

Mr. Gillies explained the proposed extension of the Brickyard Community will be accessible by two main streets: the southern extension of Senlac Drive that will intersect the future extension of Mercer Parkway. Mr. Gillies noted the general layout of the proposed Site Plan was designed around two amenities: the expanded Mercer Crossing Lake to the west and the existing mature grove of trees at the corner of future Mercer Parkway and Senlac Drive. He explained the Site Plan proposes a mix of mid-density and higher density residential development and a continuous spine of landscaped open spaces throughout the community that connect these major elements.

Mr. Gillies stated the design places all 23 buildings within access to the major natural open spaces. He further explained this new extension of the Brickyard community will incorporate both structured and surface parking throughout all four phases. Buildings 7

and 10 (both 4 stories) will include large interior multi-level parking structures (600 parking spaces). All two and three story buildings will provide individual "tuck-under" parking garages into each unit (185 parking spaces). In addition, 372 surface parking spaces will be incorporated into the community. These surface parking spaces include both parallel parking along the private streets and small parking courtyards. He further stated 1,157 on-site parking spaces are provided within the community (average 1.66 spaces per dwelling unit). Approximately 68% of the proposed on-site parking is structured or enclosed parking.

Council Member Bomgardner asked if the tuck under parking will be an actual garage. Mr. Gillies confirmed these are garage door spaces.

Council Member Bomgardner asked if all units will have tuck under garages. Mr. Gillies replied each unit would not have a parking garage due to space constraints but will have surface parking.

Mr. Gillies explained under Phase Five, Block D of the Concept Plan, nine buildings consisting of 48 residential condo or townhome style units would be owner occupied buildings.

Deputy Mayor Pro Tem Froehlich asked if these owner occupied buildings are all two stories in height. Mr. Gillies explained these buildings are three stories in height.

Deputy Mayor Pro Tem Froehlich asked if all owner occupied buildings would have two parking spaces for each unit. Mr. Gillies explained, surface parking would be provided and some will have garage parking.

Council Member Reyes stated she was very pleased with the green space. Mr. Gillies explained 49% of the open space will be landscaped open space.

Council Member Bomgardner asked if the trails will connect. Mr. Gillies explained the trails will connect around the perimeter of the lake area.

Council Member Reyes asked if the Developer has asked for any city assistance with funding for this project. Mr. Gillies stated the city has not been asked for any funding assistance.

Deputy Mayor Pro Tem Froehlich asked how many units were approved originally on the 19 acre tract by the Planning and Zoning Commission. Mr. Gillies replied the Planning and Zoning Commission was presented 698 units. He further stated the original proposal was over 1,000 units.

Council Member Norwood asked why the southern portion was dropped. Mr. Gillies replied it was based on the amount of multifamily, noting the applicant felt there was better opportunity to do a commercial type use on the south side of future Mercer Parkway.

Council Member Bomgardner asked if the owner occupied is furthest from the lake area, and noted it doesn't seem to have many amenities. Mr. Gillies explained there has been discussion of future amenities which would include a pool and be occupied by the owner

occupant side of the development. This will be presented at the site plan approval process.

Ms. Lucy Billingsley, with Billingsley Company, provided a presentation to City Council regarding details and construction of the current master plan and proposed Mercer Crossing Master Plan. Ms. Billingsley spoke regarding concerns of multifamily leasing expenses, upkeep and market value.

After discussion, Mayor Phelps opened the public hearing. There were no citizens that wished to speak.

Motion made by Council Member Reyes to close the Public Hearing and adopt Ordinance No. 3361, as presented. Motion seconded by Mayor Pro Tem Connally. Motion prevailed by the following vote:

Aye: 5 - Mayor Pro Tem Connally, Deputy Mayor Pro Tem Froehlich, Council Member Reyes, Council Member Norwood and Council Member Bomgardner

I. REGULAR AGENDA ITEMS

I.1 [16-120](#) Presentation of the newly produced 2016 Police Department recruiting video.

Deputy Police Chief David Hale briefed City Council regarding this item showing a new Police Department recruiting video.

I.2 [R2016-045](#) Consider approving Resolution No. 2016-045 in support of the application of Rochester Gauges, Inc. to the Texas Commission on Environmental Quality for a Municipal Settings Designation for property located at the southwest corner of Forest Lane and Denton Drive in Dallas, Texas; and take appropriate action.

Environmental Health Manager Katy Evans briefed City Council regarding this item. Ms. Evans explained Rochester Gauges, Inc. has applied for a Municipal Setting designation (MSD) from City of Dallas and the Texas Commission on Environmental Quality (TCEQ) for a property located at the southwest corner of Forest Lane and Denton Drive in Dallas, Texas. She further stated that Farmers Branch has been identified as a municipality with a boundary located within one-half mile of the MSD Designated property, noting a resolution in support of the application must be provided to pursue the MSD designation.

After discussion, motion made by Deputy Mayor Pro Tem Froehlich to approve Resolution No. 2016-045, as presented. Motion seconded by Council Member Bomgardner. Motion prevailed by the following vote:

Aye: 5 - Mayor Pro Tem Connally, Deputy Mayor Pro Tem Froehlich, Council Member Reyes, Council Member Norwood and Council Member Bomgardner

I.3 [ORD-3365](#) Consider adopting Ordinance No. 3365 amending the City's 2015-16 Fiscal year Operating Budget, amending the Capital Improvements

Program Budget, directing City expenditures be made in accordance with the budget as amended, and take appropriate action.

Interim City Manager Charles Cox was present to answer any questions. Mr. Cox noted the proposed mid-year budget meets the multi-year financial objectives approved by City Council.

Motion made by Mayor Pro Tem Connally to approve Ordinance No.3365, as presented. Motion seconded by Deputy Mayor Pro Tem Froehlich.

Motion prevailed by the following vote:

Aye: 5 - Mayor Pro Tem Connally, Deputy Mayor Pro Tem Froehlich, Council Member Reyes, Council Member Norwood and Council Member Bomgardner

- I.4 [R2016-043](#) Consider approving Resolution No. 2016-043 authorizing execution of a Residential Demolition/Rebuild Program Incentive Agreement for the owner of the property located at 3047 Topaz Lane; and take appropriate action.**

Economic Development Manager Allison Cook briefed City Council regarding this item. Ms. Cook noted applicant David Garcia is present to answer any question.

Ms. Cook noted the applicant is requesting the Demolition Rebuild Program Option One which includes a reimbursement of up to \$5,000 of the cost of demolition of the original home. Ms. Cook stated the current improvement value is \$77,740.00 and the estimated new improvement value is estimated to be at least \$350,000.

Motion made by Deputy Mayor Pro Tem Froehlich to approve Resolution No. 2016-043, as presented. Motion seconded by Mayor Pro Tem Connally. Motion prevailed by the following vote:

Aye: 5 - Mayor Pro Tem Connally, Deputy Mayor Pro Tem Froehlich, Council Member Reyes, Council Member Norwood and Council Member Bomgardner

J. EXECUTIVE SESSION

- J.1 [16-105](#) Council may convene into a closed executive session pursuant to Section 551.071 of the Texas Government Code to deliberate regarding:**
- Discuss contemplated civil litigation regarding the substandard multifamily property located at 2835 & 2875 Villa Creek, Farmers Branch, Texas

Council may convene into closed executive session pursuant to Section 551.074 of the Texas Government Code to deliberate regarding:

- Personnel Matters - Valwood Improvement Authority Board Member appointments
- Personnel Matters - Discussion of selection process and criteria for appointment of a City Manager

Council may convene into a closed executive session pursuant to Section 551.072 of the Texas Government Code to:

- Discuss the purchase, exchange, lease, or sale of real property located at 2737 Farmers Branch Lane

Council may convene into a closed executive session pursuant to Section 551.087 of the Texas Government Code to deliberate regarding:

- Economic Development Incentive for Project Echo

K. RECONVENE INTO REGULAR SESSION AND TAKE ANY ACTION NECESSARY AS A RESULT OF THE CLOSED SESSION.

As a result of Executive Session item Section 551.072 of the Texas Government Code to:

- Discuss the purchase, exchange, lease, or sale of real property located at 2737 Farmers Branch Lane

Deputy Mayor Pro Tem Froehlich made a motion to approve authorizing the Interim City Manager to negotiate a signed contract and such other documents that are reasonable and necessary to sell to the Farmers Branch Local Government Corporation for the purpose of resale to Todd Bonneau Homes, LLC and/or assigns the property described as Lot 31, Block 3, Farmington Park North an addition to City of Farmers Branch, Texas more commonly known as 2737 Farmers Branch Lane, for a purchase and sales price of not less than \$157,000 with the resale of said property to be subject to a restriction agreement requiring construction of a single family residence of not less than 3300 square feet of air conditioned space with an assessed value of the property upon completion of construction, inclusive of both land and improvements to be not less than \$650,000. Motion seconded by Council Member Bomgardner. Motion prevailed by the following vote:

Aye: 5 - Mayor Pro Tem Connally, Deputy Mayor Pro Tem Froehlich, Council Member Reyes, Council Member Norwood and Council Member Bomgardner

As a result of executive session pursuant to Section 551.087 of the Texas Government Code to deliberate regarding:

- Economic Development Incentive for Project Echo

Motion made by Mayor Pro Tem Connally to authorize the Interim City Manager to negotiate and execute an economic development incentive agreement on behalf of the City with Project Echo to provide an Incentive equivalent to a tax abatement of 75% for a period of 5 years for the business person property owned or leased by the company to be located at 4350 Innovation Drive Farmers Branch, Texas provided: (i) the company purchases the real property located at 4350 Innovation Drive Farmers Branch, Texas; (ii) and occupies the property for a period of 5 years; (iii) the minimum taxable value of the business personal property is at least \$35 million; and (iv) that the standard City terms and

conditions for incentive agreement apply. Motion seconded by Council Member Norwood. Motion prevailed by the following vote:

Aye: 5 - Mayor Pro Tem Connally, Deputy Mayor Pro Tem Froehlich, Council Member Reyes, Council Member Norwood and Council Member Bomgardner

L. ADJOURNMENT

Motion made by Deputy Mayor Pro Tem Froehlich to adjourn the meeting at 7:06 p.m. Motion seconded by Council Member Norwood. Motion prevailed by the following vote:

Aye: 5 - Mayor Pro Tem Connally, Deputy Mayor Pro Tem Froehlich, Council Member Reyes, Council Member Norwood and Council Member Bomgardner

The meeting adjourned at 7:06 p.m.

Mayor

ATTEST:

City Secretary



City of Farmers Branch

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Staff Report

File Number: R2016-048

Agenda Date: 5/3/2016

Version: 1

Status: Consent Agenda

In Control: City Council

File Type: Resolution

Agenda Number: G.2

Consider approving Resolution No. 2016-048 accepting a grant from the Criminal Justice Division of the Governor's Office for Body-Worn Cameras in the amount of \$29,400 and authorizing a 25% grant match of \$7,350 from the City; and take appropriate action.

BACKGROUND:

The Farmers Branch Police Department has researched the use of body-worn cameras through a process of test and evaluation of several different cameras and finds that the addition of this technology will provide for a safer environment for the officers and citizens we serve. The cameras will enhance officer interactions with the public, help to build upon community trust and provide another method by which to capture evidence in the field.

DISCUSSION:

This request supports guiding principles of public safety and financial stewardship. There are sufficient funds available in the Fiscal Year 2015-16 budget to fund a body-worn camera program and provide for the 25% match as required by the Governor's Office grant guidelines. Resolution No. 2016-021 was passed on 2/16/2016 to accept this grant. However, due to the change in the City Managers position a new resolution was required by the Criminal Justice Division of the Governor's Office designating an administrator separate from the finance function. For purposes of this grant, the Police Chief has therefore been designated the grant administrator.

RECOMMENDATION:

City Administration recommends accepting a grant from the Criminal Justice Division of the Governor's Office for Body-Worn Cameras.

POSSIBLE COUNCIL ACTION:

1. I move to approve Resolution No. 2016-048 accepting a Criminal Justice Division of the Governor's Office Body-Worn Camera Grant in the amount of \$29,400 with a 25% City match in the amount of \$7,350.
2. I move to approve Resolution No. 2016-048 accepting a Criminal Justice Division of the Governor's Office Body-Worn Camera Grant in the amount of \$29,400 with a 25% City match in the amount of \$7,350, with modifications.
3. I move to table the issue for further study or take no action.

ATTACHMENTS:

1. Criminal Justice Division of the Governor's Office Notification of Funding

2. Resolution No. 2016-048

Sgt. Michael Hairston
Farmers Branch Police Department
Farmers Branch, Texas
mike.hairston@farmersbranchtx.gov

Dear Sgt. Hairston,

Congratulations. The Criminal Justice Division of the Governor's Office has selected your agency for a Body-Worn Camera grant.

Your preliminary allocation is \$29,400 and is limited to expenditures for body-worn cameras and the associated video storage and equipment. We require a 25% match of the grant award, which is \$7,350.00, giving your agency a total maximum project budget of \$36,750.00.

Your allocation is higher than the amount requested in your preliminary application. Some allocations were increased because market surveys and federal camera standards indicated that some submitted budgets did not provide adequate funds to purchase robust cameras and maintain adequate levels of video storage. However, this allocation is only a maximum amount, so your agency may choose not to expend the full amount.

This is only a notice of the allocation of grant funds reserved for your agency. To receive the grant award, you must still file a formal application via the eGrants system. Instructions on how to file a formal application and receive grant funds are below and at CJD's Body-Worn Camera Program webpage at <http://gov.texas.gov/cjd/bodycams>.

You must use the funds to equip 60 front-line officers with body cameras as well as the requisite video storage and accessories required for the cameras to be functional. If you wish to equip fewer than that number of officers, you must work with CJD to reduce your grant award proportionately.

The grant allocation is a maximum amount. If your agency does not wish to spend the full amount, you are not required to do so.

Here are the next steps in proceeding with the grant:

- 1) If you have not done so already, obtain your agency's DUNS number or register for one at <http://www.dnb.com/get-a-duns-number.html>.
- 2) Make sure your SAM registration is up-to-date or, if you have not registered, do so at <https://www.sam.gov/portal/SAM/>.
- 3) If you have not done so already, register for a state eGrants account at <https://egrants.gov.texas.gov/>.
- 4) File a formal application at <https://egrants.gov.texas.gov/> no later than July 15, 2016. As long as your agency fully completes the application and meets state requirements, your application will be approved for the full amount stated in this notification. Applications will be processed on a rolling basis roughly 30-45 days after submission.

- 5) Once you receive your formal statement of grant award, accept the award. You may do so as early as March 1, 2016 and no later than August 15, 2016.
- 6) Your one-year grant period begins when you formally accept the award. Any local matching funds must receive final approval or be obligated during the grant period, or may be approved or obligated before the grant period if they are specifically designated as a match for this grant. Any body-worn camera program purchases you wish to get reimbursed must also occur during the grant period.
- 7) Before filing a financial status report (FSR) for reimbursement from CJD, you must complete the training and policy-adoption requirements in state law. You must also file a report with the Texas Commission on Law Enforcement (TCOLE) regarding the body-worn camera equipment and services you purchase.
- 8) File a Final FSR with CJD to request funds for reimbursement only when you have completed all purchases to be reimbursed under the program.
- 9) Remember to file the required follow-up reports with TCOLE at 12, 24, and 36 months after your initial report to them.

More information can be found at CJD's website: <http://gov.texas.gov/cjd/bodycams>. If, after reviewing the information there, you have further questions, you may contact Norma Rodriguez at 512-463-8332 or norma.rodriguez@gov.texas.gov. If you do not wish to accept any portion of the award, please email norma.rodriguez@gov.texas.gov.

Best regards,

Norma Rodriguez



RESOLUTION NO. 2016-048

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, AUTHORIZING ACCEPTANCE OF THE CRIMINAL JUSTICE DIVISION OF THE GOVERNOR'S OFFICE BODY-WORN CAMERA GRANT FOR THE FARMERS BRANCH POLICE DEPARTMENT; AUTHORIZING PAYMENT OF THE CITY'S GRANT MATCH; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, providing for the safety of the citizens of Farmers Branch is the primary function of the Farmers Branch Police Department; and

WHEREAS, the Farmers Branch Police Department recognizes the need to utilize the most technologically advanced body-worn cameras to serve as a tool in a law enforcement comprehensive problem-solving approach to enhance officer interactions with the public, build community trust, and gather important evidence for use in the prosecution of crimes; and

WHEREAS, the Farmers Branch Police Department needs funds to be able to purchase the body-worn cameras and the associated video storage and equipment required for the cameras to be functional; and

WHEREAS, the Farmers Branch Police Department was awarded a Criminal Justice Division of the Governor's Office grant in the amount of \$29,400.00 to purchase body-worn cameras; and

WHEREAS, the City Council of the City of Farmers Branch finds it to be in the public interest to accept the above referenced grant.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF FARMERS BRANCH, TEXAS, THAT:

SECTION 1. The Chief of Police is authorized to accept on behalf of the City of Farmers Branch the Criminal Justice Division of the Governor's Office Body-Worn Camera Grant in the amount of \$29,400.00, and to sign such agreements and assurances as he may deem reasonable, necessary, and appropriate with respect to the acceptance of said grant.

SECTION 2. In compliance with the provisions of the grant, the Chief of Police is authorized to pay the City's 25% grant match in the amount of \$7,350.00 for the purposes set forth in the Grant Agreement from current funds available for such purpose.

SECTION 3. This Resolution shall become effective immediately upon final approval.

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF FARMERS
BRANCH, TEXAS, THIS 5TH DAY OF MAY, 2016.**

ATTEST:

APPROVED:

Amy Piukana, City Secretary

Bob Phelps, Mayor

APPROVED AS TO FORM:

Peter G. Smith, City Attorney
(PGS:1-28-16:75258)



City of Farmers Branch

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Staff Report

File Number: R2016-049

Agenda Date: 5/3/2016

Version: 1

Status: Regular Agenda

In Control: City Council

File Type: Resolution

Agenda Number: G.3

Consider approving Resolution No. 2016-049 in support of the application of Windy Ridge, LLC. to the Texas Commission on Environmental Quality for a Municipal Settings Designation for property located at 1000 Lake Ridge Road in Lewisville, Texas; and take appropriate action.

BACKGROUND:

Windy Ridge, LLC. has applied for a Municipal Settings Designation (MSD) from the City of Lewisville and the Texas Commission on Environmental Quality (TCEQ) for a 15.2-acre tract at 1000 Windy Ridge Road in Lewisville, Texas. The 15.2-acre tract comprises the western portion of a 28-acre tract planned development in Lewisville, Texas. The City of Lewisville approved an MSD Designated Property pursuant to City of Lewisville Ordinance No. 4227-11-2015, approved on November 16, 2015. The MSD Designated Property and surrounding properties are currently used for commercial and residential purposes. An approved MSD prohibits the use of shallow groundwater beneath the MSD property and adjacent street rights-of-way as potable water and appropriately restricts other uses of and contact with the shallow groundwater at the MSD property.

Farmers Branch has a drinking water well located at 524 Huffines Road in Lewisville, Texas that is located within five miles of the MSD Designated Property. The Farmers Branch drinking water well is founded in the Trinity Aquifer. Groundwater at the property is encountered in the uppermost aquifer at depth ranging from 18-23 feet below ground surface and the flow is generally to the southeast, away from the drinking water well. The groundwater has been impacted with nitrate. The impacted aquifer is approximately 900 feet above the Trinity Aquifer in which the City of Farmers Branch well is founded and is separated by the Eagle Ford Shale formation, the Woodbine Aquifer, and several limestone and clay formations comprising the Washita and Fredericksburg groups. Concentrations of the chlorinated volatile organic compounds have proven to be stable in some monitoring wells and decreasing in others.

DISCUSSION:

Based on the lateral distance between the designated property and the City of Farmers Branch well, the presence of aquitards between the impacted aquifer and the Trinity Aquifer, it is highly unlikely that the presence of nitrates in the shallow groundwater at the MSD site will affect the water quality of the City of Farmers Branch well.

RECOMMENDATION:

City Administration recommends approving Resolution No. 2016-049 in support of the application of Windy Ridge, LLC to the Texas Commission on Environmental Quality for a

Municipal Settings Designation for property located at 1000 Lake Ridge Road in Lewisville, Texas.

POSSIBLE COUNCIL ACTION:

1. I move to approve Resolution No. 2016-049 in support of the application of Windy Ridge, LLC. to the Texas Commission on Environmental Quality for a Municipal Settings Designation for property located at 1000 Windy Ridge Road in Lewisville, Texas.
2. I move to table the issue for further study or take no action.

ATTACHMENTS:

1. Resolution 2016-049
2. Attachment 1 - Designated Property
3. Attachment 2 - Aerial
4. Attachment 4 - 5 Mile Map



RESOLUTION NO. 2016-049

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, IN SUPPORT OF THE APPLICATION OF WINDY RIDGE, LLC TO THE TEXAS COMMISSION ON ENVIRONMENTAL QUALITY FOR A MUNICIPAL SETTING DESIGNATION FOR PROPERTY LOCATED AT 1000 LAKE RIDGE ROAD IN LEWISVILLE, TEXAS; PROVIDING AN EFFECTIVE DATE

WHEREAS, Chapter 361, Subchapter W, of the Texas Solid Waste Disposal Act authorizes the Texas Commission on Environmental Quality (TCEQ) to certify Municipal Setting Designations for properties upon receipt and approval of the properly submitted application to TCEQ; and

WHEREAS, as a part of the application to TCEQ for a Municipal Setting Designation (MSD) for a site, the applicant is required to provide documentation that the application is supported by; (1) the city council of the municipality in which the site is located, (2) the city council of each municipality with a boundary located not more than one-half mile from the site, (3) the city council of each municipality that owns or operates a groundwater supply well located not more than five miles from the site, and (4) the governing body of each retail public utility, as defined in Section 13.002, Texas Water Code, that owns or operates a groundwater supply well located not more than five miles from the site and

WHEREAS, pursuant to City of Lewisville Ordinance No. 4227-11-2015, the City of Lewisville City Council approved the application of Windy Ridge, LLC for a Municipal Setting Designation for an approximately 15.2-acre tract of land comprising the western portion of an approximately 28-acre tract of land located at 1000 Lake Ridge Road in Lewisville, Texas (the “MSD Designated Property”); and

WHEREAS, the City of Farmers Branch owns or operates a groundwater supply well within five miles of the MSD Designated Property; and

WHEREAS, following the approval of a resolution of support from each municipality and retail public utility from which such a resolution is required, Windy Ridge, LLC will submit to TCEQ an application for certification of a Municipal Setting Designation for the MSD Designated Property pursuant to Texas Health and Safety Code, Chapter 361, Subchapter W; and

WHEREAS, as required by law, the Applicant has provided the notice to the City of Farmers Branch of the application for the MSD for the MSD Designated Property and requested that the City Council of the City of Farmers Branch, Texas, provide a resolution supporting said application; and

WHEREAS, City staff has reviewed the materials received from the Applicant’s consultant and finds no reason to object to the MSD application for the MSD Designated Property; and

WHEREAS, in the spirit of cooperation with and support of the City of Lewisville in its the efforts to provide for the redevelopment of property within its corporate limits, the City Council of the City of Farmers Branch, finds it to be in the public interest to support the proposed MSD application described hereon;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS THAT:

SECTION 1. The City Council of the City of Farmers Branch supports Windy Ridge, LLC's application to the TCEQ for certification of a Municipal Setting Designation for the MSD Designated Property.

SECTION 2. This resolution shall become effective immediately upon its approval.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, THIS 3RD DAY OF MAY, 2016.

ATTEST:

APPROVED:

Amy Piukana, City Secretary

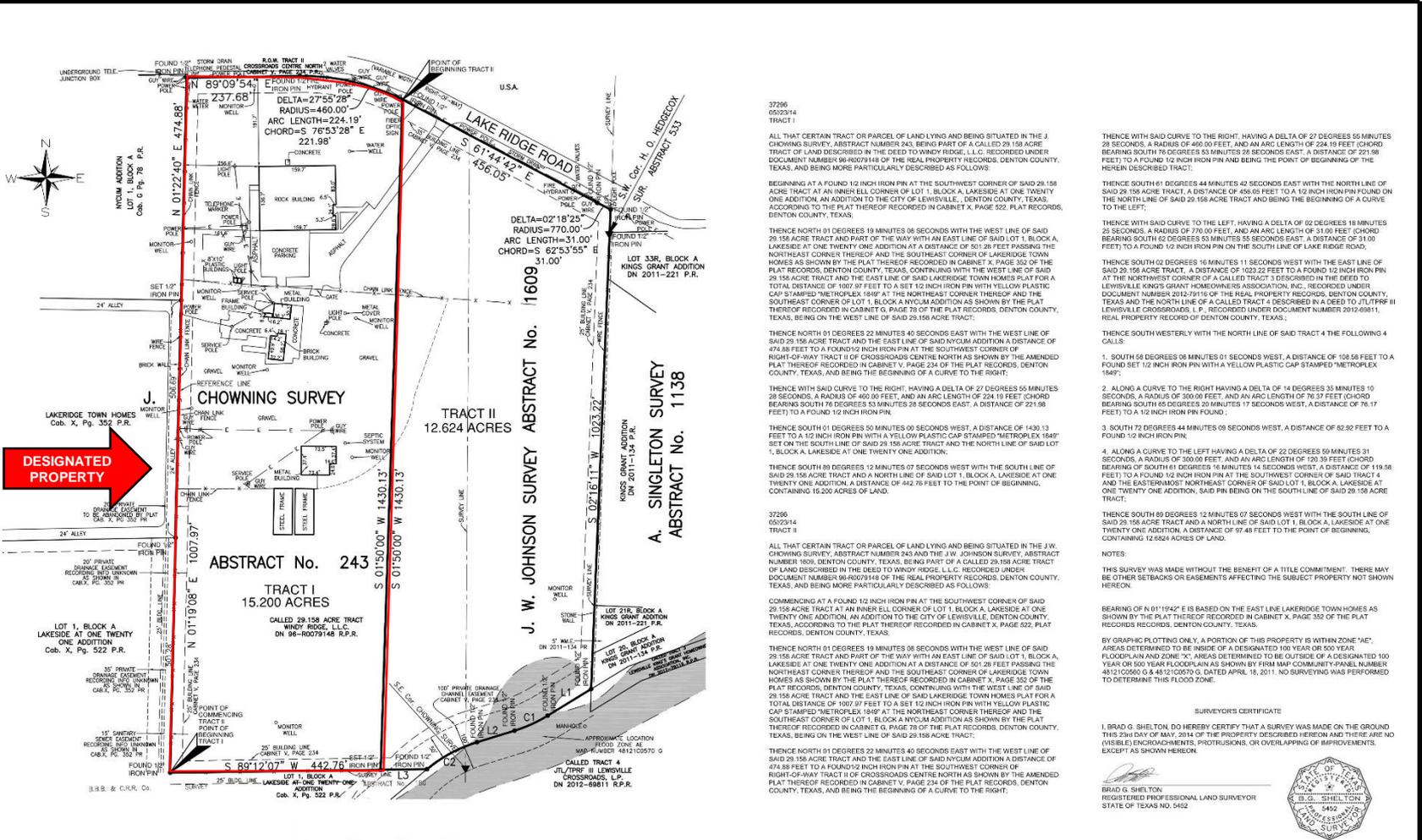
Bob Phelps, Mayor

APPROVED AS TO FORM:

Peter G. Smith, City Attorney
(kbl:4/26/16:76633)



DESIGNATED PROPERTY



LINE TABLE

L1	S	58°08'01\"	W	108.58'
L2	S	72°44'09\"	W	82.92'
L3	S	89°12'07\"	W	97.48'

CURVE TABLE

C1	DELTA=14°35'10\"
	RADIUS=300.00'
	ARC LENGTH=76.37'
	CHORD=S 65°20'17\"
	W 76.17'
C2	DELTA=22°59'31\"
	RADIUS=300.00'
	ARC LENGTH=120.39'
	CHORD=S 61°16'14\"
	W 119.55'



Scale:	SEE SCALE ABOVE
Source:	Metroplex Surveying, Inc.
Date:	5/23/2014

Terracon
Consulting Engineers & Scientists

2501 East Loop 820 North Fort Worth, Texas 76118
PH. (817) 268-8600 FAX. (817) 268-8602

37296
0502314
TRACT I

ALL THAT CERTAIN TRACT OR PARCEL OF LAND LYING AND BEING SITUATED IN THE J CHOWNING SURVEY, ABSTRACT NUMBER 243, BEING PART OF A CALLED 29.158 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO WINDY RIDGE, L.L.C. RECORDED UNDER DOCUMENT NUMBER 98-0079148 OF THE REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINS AT A FOUND 1/2 INCH IRON PIN AT THE SOUTHWEST CORNER OF SAID 29.158 ACRE TRACT AT AN INNER ELL CORNER OF LOT 1, BLOCK A, LAKESIDE AT ONE TWENTY ONE ADDITION, AN ADDITION TO THE CITY OF LEWISVILLE, DENTON COUNTY, TEXAS, ACCORDING TO THE PLAT THEREOF RECORDED IN CABINET X, PAGE 522, PLAT RECORDS, DENTON COUNTY, TEXAS.

THENCE NORTH 01 DEGREES 18 MINUTES 08 SECONDS WITH THE WEST LINE OF SAID 29.158 ACRE TRACT AND PART OF THE WAY WITH AN EAST LINE OF SAID LOT 1, BLOCK A, LAKESIDE AT ONE TWENTY ONE ADDITION AT A DISTANCE OF 501.28 FEET PASSING THE NORTHEAST CORNER THEREOF AND THE SOUTHEAST CORNER OF LAKE RIDGE TOWN HOMES AS SHOWN BY THE PLAT THEREOF RECORDED IN CABINET X, PAGE 533 OF THE PLAT RECORDS, DENTON COUNTY, TEXAS, CONTINUING WITH THE WEST LINE OF SAID 29.158 ACRE TRACT AND THE EAST LINE OF SAID LAKE RIDGE TOWN HOMES PLAT FOR A TOTAL DISTANCE OF 1007.87 FEET TO A SET 1/2 INCH IRON PIN WITH YELLOW PLASTIC CAP STAMPED 'METROPLEX 1899' AT THE NORTHEAST CORNER THEREOF AND THE SOUTHWEST CORNER OF LOT 1, BLOCK A NYCOM ADDITION AS SHOWN BY THE PLAT THEREOF RECORDED IN CABINET G, PAGE 78 OF THE PLAT RECORDS, DENTON COUNTY, TEXAS, BEING ON THE WEST LINE OF SAID 29.158 ACRE TRACT.

THENCE NORTH 01 DEGREES 22 MINUTES 40 SECONDS EAST WITH THE WEST LINE OF SAID 29.158 ACRE TRACT AND THE EAST LINE OF SAID NYCOM ADDITION A DISTANCE OF 474.88 FEET TO A FOUND 1/2 INCH IRON PIN AT THE SOUTHWEST CORNER OF RIGHT-OF-WAY TRACT II OF CROSSROADS CENTRE NORTH AS SHOWN BY THE AMENDED PLAT THEREOF RECORDED IN CABINET Y, PAGE 234 OF THE PLAT RECORDS, DENTON COUNTY, TEXAS, AND BEING THE BEGINNING OF A CURVE TO THE RIGHT.

THENCE WITH SAID CURVE TO THE RIGHT, HAVING A DELTA OF 27 DEGREES 55 MINUTES 28 SECONDS, A RADIUS OF 400.00 FEET, AND AN ARC LENGTH OF 224.19 FEET (CHORD BEARING SOUTH 65 DEGREES 20 MINUTES 17 SECONDS EAST, A DISTANCE OF 221.98 FEET) TO A FOUND 1/2 INCH IRON PIN.

THENCE SOUTH 01 DEGREES 50 MINUTES 00 SECONDS WEST, A DISTANCE OF 1430.13 FEET TO A 1/2 INCH IRON PIN WITH A YELLOW PLASTIC CAP STAMPED 'METROPLEX 1899' SET ON THE SOUTH LINE OF SAID 29.158 ACRE TRACT AND THE NORTH LINE OF SAID LOT 1, BLOCK A, LAKESIDE AT ONE TWENTY ONE ADDITION.

THENCE SOUTH 89 DEGREES 12 MINUTES 07 SECONDS WEST WITH THE SOUTH LINE OF SAID 29.158 ACRE TRACT AND A NORTH LINE OF SAID LOT 1, BLOCK A, LAKESIDE AT ONE TWENTY ONE ADDITION, A DISTANCE OF 442.78 FEET TO THE POINT OF BEGINNING, CONTAINING 15.200 ACRES OF LAND.

37296
0502314
TRACT II

ALL THAT CERTAIN TRACT OR PARCEL OF LAND LYING AND BEING SITUATED IN THE J.W. CHOWNING SURVEY, ABSTRACT NUMBER 243 AND THE J.W. JOHNSON SURVEY, ABSTRACT NUMBER 1609, DENTON COUNTY, TEXAS, BEING PART OF A CALLED 29.158 ACRE TRACT OF LAND DESCRIBED IN THE DEED TO WINDY RIDGE, L.L.C. RECORDED UNDER DOCUMENT NUMBER 98-0079148 OF THE REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT A FOUND 1/2 INCH IRON PIN AT THE SOUTHWEST CORNER OF SAID 29.158 ACRE TRACT AT AN INNER ELL CORNER OF LOT 1, BLOCK A, LAKESIDE AT ONE TWENTY ONE ADDITION, AN ADDITION TO THE CITY OF LEWISVILLE, DENTON COUNTY, TEXAS, ACCORDING TO THE PLAT THEREOF RECORDED IN CABINET X, PAGE 522, PLAT RECORDS, DENTON COUNTY, TEXAS.

THENCE NORTH 01 DEGREES 18 MINUTES 08 SECONDS WITH THE WEST LINE OF SAID 29.158 ACRE TRACT AND PART OF THE WAY WITH AN EAST LINE OF SAID LOT 1, BLOCK A, LAKESIDE AT ONE TWENTY ONE ADDITION AT A DISTANCE OF 501.28 FEET PASSING THE NORTHEAST CORNER THEREOF AND THE SOUTHEAST CORNER OF LAKE RIDGE TOWN HOMES AS SHOWN BY THE PLAT THEREOF RECORDED IN CABINET X, PAGE 533 OF THE PLAT RECORDS, DENTON COUNTY, TEXAS, CONTINUING WITH THE WEST LINE OF SAID 29.158 ACRE TRACT AND THE EAST LINE OF SAID LAKE RIDGE TOWN HOMES PLAT FOR A TOTAL DISTANCE OF 1007.87 FEET TO A SET 1/2 INCH IRON PIN WITH YELLOW PLASTIC CAP STAMPED 'METROPLEX 1899' AT THE NORTHEAST CORNER THEREOF AND THE SOUTHWEST CORNER OF LOT 1, BLOCK A NYCOM ADDITION AS SHOWN BY THE PLAT THEREOF RECORDED IN CABINET G, PAGE 78 OF THE PLAT RECORDS, DENTON COUNTY, TEXAS, BEING ON THE WEST LINE OF SAID 29.158 ACRE TRACT.

THENCE NORTH 01 DEGREES 22 MINUTES 40 SECONDS EAST WITH THE WEST LINE OF SAID 29.158 ACRE TRACT AND THE EAST LINE OF SAID NYCOM ADDITION A DISTANCE OF 474.88 FEET TO A FOUND 1/2 INCH IRON PIN AT THE SOUTHWEST CORNER OF RIGHT-OF-WAY TRACT II OF CROSSROADS CENTRE NORTH AS SHOWN BY THE AMENDED PLAT THEREOF RECORDED IN CABINET Y, PAGE 234 OF THE PLAT RECORDS, DENTON COUNTY, TEXAS, AND BEING THE BEGINNING OF A CURVE TO THE RIGHT.

THENCE WITH SAID CURVE TO THE RIGHT, HAVING A DELTA OF 27 DEGREES 55 MINUTES 28 SECONDS, A RADIUS OF 400.00 FEET, AND AN ARC LENGTH OF 224.19 FEET (CHORD BEARING SOUTH 65 DEGREES 20 MINUTES 17 SECONDS EAST, A DISTANCE OF 221.98 FEET) TO A FOUND 1/2 INCH IRON PIN AND BEING THE POINT OF BEGINNING OF THE HEREN DESCRIBED TRACT:

THENCE SOUTH 01 DEGREES 46 MINUTES 42 SECONDS EAST WITH THE NORTH LINE OF SAID 29.158 ACRE TRACT, A DISTANCE OF 486.00 FEET TO A 1/2 INCH IRON PIN FOUND ON THE NORTH LINE OF SAID 29.158 ACRE TRACT AND BEING THE BEGINNING OF A CURVE TO THE LEFT;

THENCE WITH SAID CURVE TO THE LEFT, HAVING A DELTA OF 02 DEGREES 18 MINUTES 25 SECONDS, A RADIUS OF 770.00 FEET, AND AN ARC LENGTH OF 31.90 FEET (CHORD BEARING SOUTH 62 DEGREES 53 MINUTES 55 SECONDS EAST, A DISTANCE OF 31.00 FEET) TO A FOUND 1/2 INCH IRON PIN ON THE SOUTH LINE OF LAKE RIDGE ROAD.

THENCE SOUTH 02 DEGREES 16 MINUTES 11 SECONDS WEST WITH THE EAST LINE OF SAID 29.158 ACRE TRACT, A DISTANCE OF 1023.22 FEET TO A FOUND 1/2 INCH IRON PIN AT THE NORTHWEST CORNER OF A CALLED TRACT 3 DESCRIBED IN THE DEED TO LEWISVILLE KINGS GRANT HOMEOWNERS ASSOCIATION, INC., RECORDED UNDER DOCUMENT NUMBER 2012-69811 OF THE REAL PROPERTY RECORDS, DENTON COUNTY, TEXAS, AND THE NORTH LINE OF A CALLED TRACT 4 DESCRIBED IN A DEED TO JLT, FRFR III LEWISVILLE CROSSROADS, L.P., RECORDED UNDER DOCUMENT NUMBER 2012-69811, REAL PROPERTY RECORD OF DENTON COUNTY, TEXAS.;

THENCE SOUTH WESTERLY WITH THE NORTH LINE OF SAID TRACT 4 THE FOLLOWING 4 CALLS:

1. SOUTH 58 DEGREES 08 MINUTES 01 SECONDS WEST, A DISTANCE OF 108.58 FEET TO A FOUND SET 1/2 INCH IRON PIN WITH A YELLOW PLASTIC CAP STAMPED 'METROPLEX 1899'.
2. ALONG A CURVE TO THE RIGHT HAVING A DELTA OF 14 DEGREES 35 MINUTES 10 SECONDS, A RADIUS OF 300.00 FEET, AND AN ARC LENGTH OF 76.37 FEET (CHORD BEARING SOUTH 65 DEGREES 20 MINUTES 17 SECONDS EAST, A DISTANCE OF 76.17 FEET) TO A 1/2 INCH IRON PIN FOUND.
3. SOUTH 72 DEGREES 44 MINUTES 09 SECONDS WEST, A DISTANCE OF 82.92 FEET TO A FOUND 1/2 INCH IRON PIN.
4. ALONG A CURVE TO THE LEFT HAVING A DELTA OF 22 DEGREES 59 MINUTES 31 SECONDS, A RADIUS OF 300.00 FEET, AND AN ARC LENGTH OF 120.39 FEET (CHORD BEARING SOUTH 61 DEGREES 16 MINUTES 14 SECONDS WEST, A DISTANCE OF 119.55 FEET) TO A FOUND 1/2 INCH IRON PIN AT THE SOUTHWEST CORNER OF SAID TRACT 4 AND THE EASTERNMOST NORTHEAST CORNER OF SAID LOT 1, BLOCK A, LAKESIDE AT ONE TWENTY ONE ADDITION, SAID PIN BEING ON THE SOUTH LINE OF SAID 29.158 ACRE TRACT.

THENCE SOUTH 89 DEGREES 12 MINUTES 07 SECONDS WEST WITH THE SOUTH LINE OF SAID 29.158 ACRE TRACT AND A NORTH LINE OF SAID LOT 1, BLOCK A, LAKESIDE AT ONE TWENTY ONE ADDITION, A DISTANCE OF 97.48 FEET TO THE POINT OF BEGINNING, CONTAINING 12.624 ACRES OF LAND.

NOTES:
THIS SURVEY WAS MADE WITHOUT THE BENEFIT OF A TITLE COMMITMENT. THERE MAY BE OTHER SETBACKS OR EASEMENTS AFFECTING THE SUBJECT PROPERTY NOT SHOWN HEREON.

BEARING OF N 01°19'42" E IS BASED ON THE EAST LINE LAKE RIDGE TOWN HOMES AS SHOWN BY THE PLAT THEREOF RECORDED IN CABINET X, PAGE 533 OF THE PLAT RECORDS RECORDS, DENTON COUNTY, TEXAS.

BY GRAPHIC PLOTTING ONLY, A PORTION OF THIS PROPERTY IS WITHIN ZONE 'AE'. AREAS DETERMINED TO BE INSIDE OF A DESIGNATED 100 YEAR OR 500 YEAR FLOODPLAIN AND ZONE 'X'. AREAS DETERMINED TO BE OUTSIDE OF A DESIGNATED 100 YEAR OR 500 YEAR FLOODPLAIN AS SHOWN BY FIRM MAP COMMUNITY-PANEL NUMBER 481210550 6 8 41210070 0, DATED APRIL 18, 2011. NO SURVEYING WAS PERFORMED TO DETERMINE THIS FLOOD ZONE.

SURVEYOR'S CERTIFICATE

I, BRAD G. SHELTON, DO HEREBY CERTIFY THAT A SURVEY WAS MADE ON THE GROUND THIS 23rd DAY OF MAY, 2014 OF THE PROPERTY DESCRIBED HEREON AND THERE ARE NO (VISIBLE) ENCROACHMENTS, PROTRUSIONS, OR OVERLAPPING OF IMPROVEMENTS, EXCEPT AS SHOWN HEREON.

BRAD G. SHELTON
REGISTERED PROFESSIONAL LAND SURVEYOR
STATE OF TEXAS NO. 5402



MSD BOUNDARY SURVEY
Office/Warehouse/Storage Facility

1000 Lake Ridge Road
Lewisville, Denton County, Texas

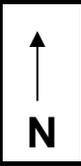
Attachment

1



**PROPOSED MSD
BOUNDARY**

Dated: 2015
Source: USDA
SCALE: 1"=350'



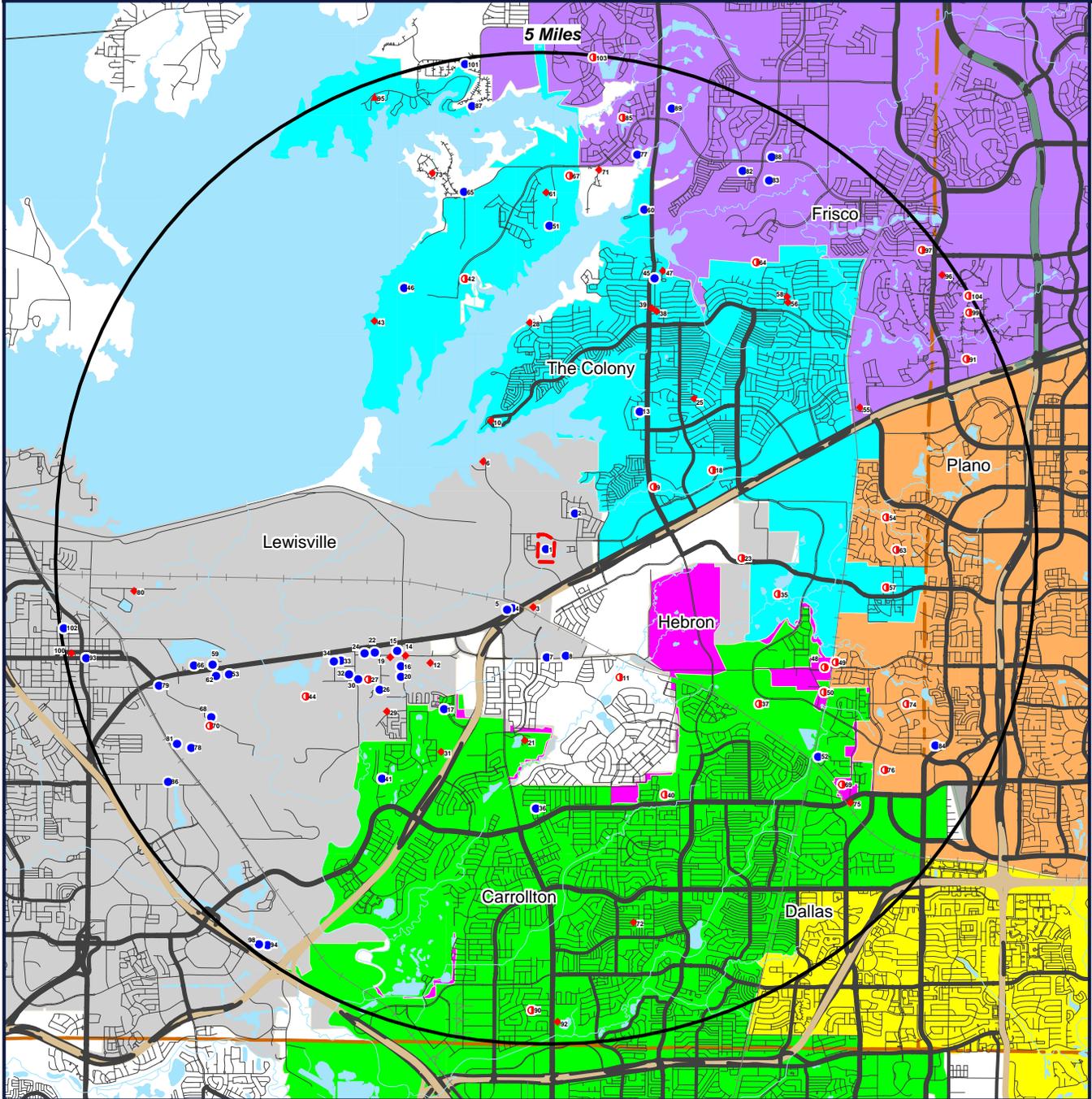
Office/Warehouse/Storage Facility
1000 Lake Ridge Road
Lewisville, Denton County, Texas

ATTACHMENT 2

Terracon

AERIAL PHOTOGRAPH

ATTACHMENT 4: 5 MILE REGISTERED WATER WELLS SITE MAP



-  Target Property (TP)
-  TCEQ
-  TWDB
-  SSSRD
-  WUD

1000 Lake Ridge Road MSD
1000 Lake Ridge Road
Lewisville, Texas
75056



GeoSearch

www.geo-search.com - phone: 888-396-0042 - fax: 512-472-9967



City of Farmers Branch

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Staff Report

File Number: ORD-3367

Agenda Date: 5/3/2016

Version: 1

Status: Regular Agenda

In Control: City Council

File Type: Ordinance

Agenda Number: H.1

Conduct a public hearing and consider adopting Ordinance No. 3367 approving a Specific Use Permit for a nursing school facility located at 2711 LBJ Freeway; and take appropriate action.

BACKGROUND:

The applicant, LBJ Partners, is proposing to redesign two floors of the existing Meridian Office Building to accommodate Arizona College Nursing School to use the facility to educate students pursuing a bachelor's degree in nursing. The existing Meridian Office Building is located on LBJ Freeway, at the southeast corner of Villa Creek Drive and Metro Boulevard, approximately 1,000 feet east of Ford Road. This site is located within the Planned Development District No. 74 (PD-74) zoning district which allows a combination of administrative, office and retail uses. The site is surrounded by office uses on all sides.

DISCUSSION:

The applicant is proposing to develop a nursing school totally contained inside the Meridian Office Building. The facility is designed to accommodate, in a final phase in a 20,000 sf area a maximum of 300 to 400 students. No outside activity, no outdoor storage and no additional retail uses are proposed for this use at this location. Onsite security staff and security measures will be in full force and effect at all times. All chemicals used in the laboratories will be appropriately monitored and contained. There will be no medical procedures provided on-site, all medical practice will be conducted in partner hospitals.

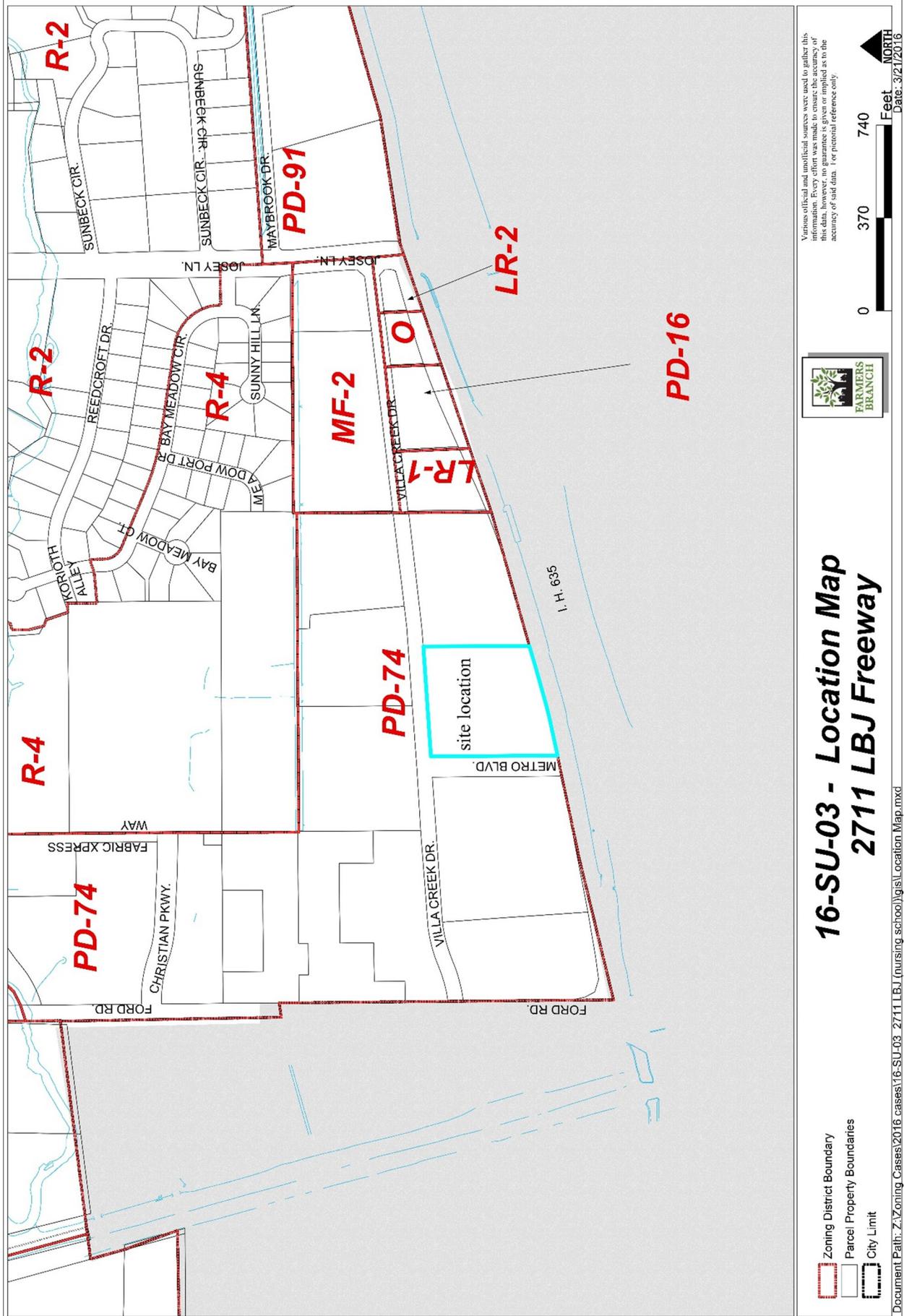
RECOMMENDATION:

The Planning and Zoning Commission voted to recommend approval of this Specific Use Permit as described in the Ordinance No. 3367.

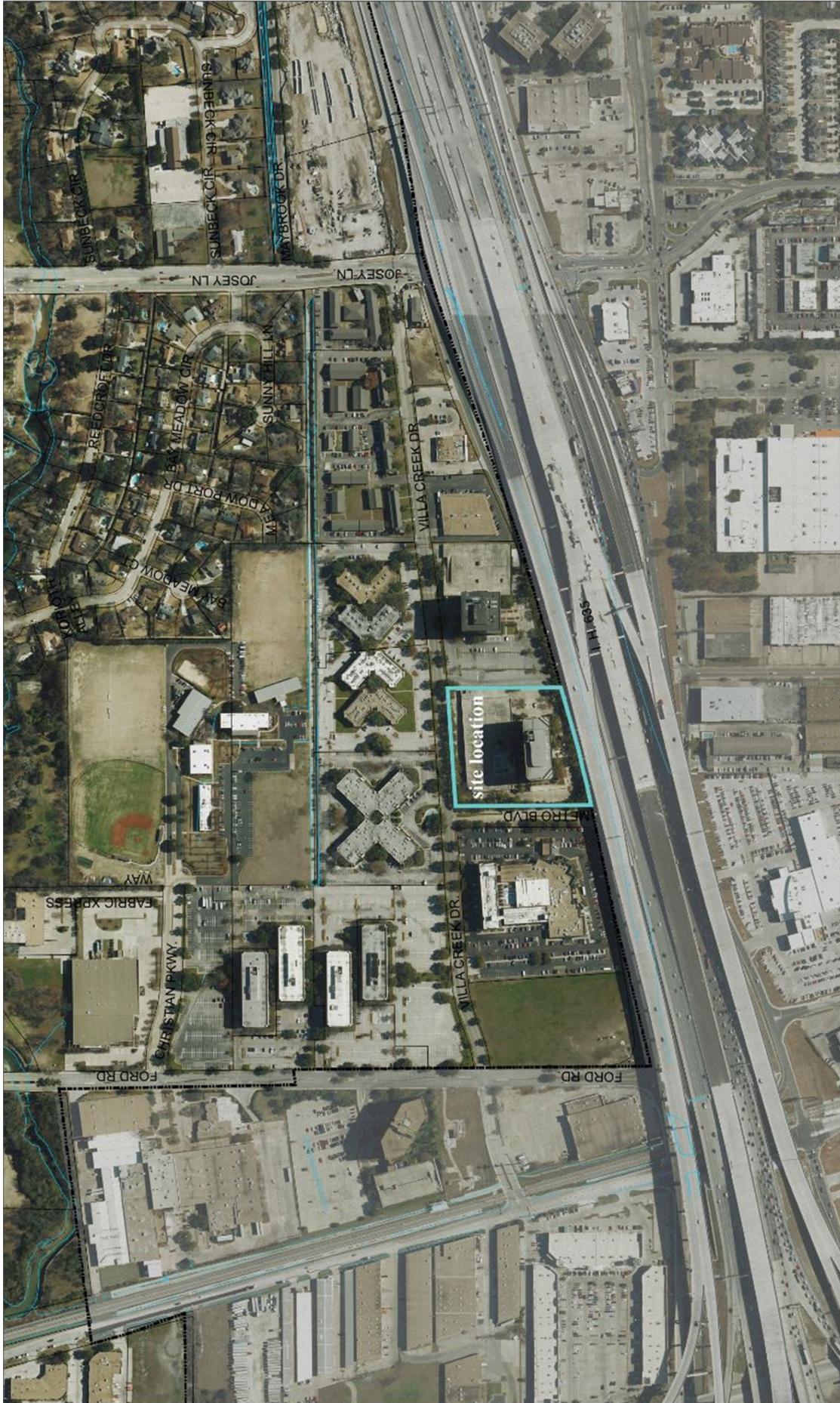
ATTACHMENTS:

1. Location Map
2. Aerial Map
3. Information Memorandum
4. Ordinance No. 3367
5. Site Photographs

Location Map



Aerial Map



16-SU-03 - Aerial Map
2711 LBJ Freeway

Parcel Property Boundaries
City Limit

0 370 740 Feet
North
Date: 3/21/2016

Various official and unofficial sources were used to gather this information. Every effort was made to ensure the accuracy of this data, however, no guarantee is given or implied as to the accuracy of said data. For placemarks reference only.



Information MEMORANDUM

TO: Mayor and City Council

FROM: Charles Cox
Interim City Manager

DATE: May 3, 2016

SUBJECT: Proposed Ordinance No. 3367 to approve a Specific Use Permit for a nursing school (institutional use) located at 2711 LBJ Freeway.

Existing Conditions:

The subject site is located in the Meridian Office Buildings on LBJ Freeway, at the southeast corner of Villa Creek Drive and Metro Boulevard and approximately 1,000 feet east of Ford Road. It is located within Planned Development 74 (PD-74) zoning district which allows a combination of administrative, office and retail uses. The site is surrounded by office uses on all sides. (See Location Map)

The subject site contains one existing concrete frame building. This 10-story office building was constructed in 1983 and has a total area of approximately 224,888 square feet. The property also contains a concrete frame parking garage, 3 stories in height and 208,188 square feet. (See Site Plan)

Proposal/Site Design:

The applicant, LBJ Partners, is proposing to redesign two floors of this office building to accommodate Arizona College Nursing School to use the facility to educate students who are pursuing a bachelor's degree in nursing. Arizona College will organize its use of the space within the existing Meridian office building in three phases.

- In the first phase, the College will operate a 2,175 sf office on the first floor for licensing and permit purposes only. (See First Floor Plan)
- In the second phase, the College will start operating the nursing school using both the first floor office and half of the second floor for the school (approximately 10,000 square feet).
- In the third phase, Arizona College plans to double the school space and use the rest of the second floor for the nursing school (approximately 20,000 square feet). The entire second floor plan is divided into 10 classrooms, each classroom having a maximum occupancy of 29 to 62 students at one time with each space varying between 661 square feet to 1,240 square feet. The floor plans also contains a reception area, simulation room, skills and wet laboratories, storage rooms, student lounge room, break room and 8 office rooms for faculty members. (See Second Floor Plan)

No outside activity, no outdoor storage and no additional retail uses are proposed for this use at this location.

Operation:

Arizona College is proposing to develop the nursing school totally contained inside the Meridian office building. Onsite security staff and security measures will be in full force and effect at all times. All chemicals used in the laboratories will be appropriately monitored and contained. There will be no medical procedures provided on-site, all medical practice will be conducted in partner hospitals.

The facility is designed to accommodate, in the first phase, in the initial 10,000 sf portion, a maximum of 150 to 200 students and in the second phase, in the final 20,000 sf, a total maximum of 300 to 400 students.

The facility will operate Monday through Friday from 7:30AM to 6:30PM and Saturday from 9:00AM to 2:00PM.

Parking:

A total of 746 parking spaces serve the entire Meridian office center. The proposed nursing school will use the existing parking facility. Staff determined that no additional parking is needed for this new use. There is adequate parking to serve the facility and the other existing uses within the office building. (See Site Plan)

Landscaping:

The applicant has no plans to install any additional landscaping. City staff agreed that there was not an opportunity for additional landscaping at this location. The entire site meets all requirements for landscaping and the existing vegetation is mature and well maintained.

Signs:

The applicant did not submit a signage packet with this SUP. All signage proposed with this development will comply with City's Sign Ordinance and will be subject to city staff approval.

Public Response:

Six (6) public notification letters were mailed on March 30th, 2016. Two zoning notification signs were also posted on the site that same day. A public notice ad was placed in Dallas Morning News on April 17th, 2016. As of April 29th, no letters of opposition to this Specific Use Permit request have been received by the City.

Possible Council Action:

1. I move to adopt Ordinance No. 3367.
2. I move to adopt Ordinance No. 3367 with the following modification(s)...
3. I move to table the item or take no action.



ORDINANCE NO. 3367

AN ORDINANCE OF THE CITY OF FARMERS BRANCH, TEXAS, AMENDING THE COMPREHENSIVE ZONING ORDINANCE AND ZONING MAP OF THE CITY OF FARMERS BRANCH, TEXAS, BY GRANTING A SPECIFIC USE PERMIT FOR AN INSTITUTIONAL USE (PRIVATE NURSING SCHOOL) FOR A 22,000± SQUARE FOOT AREA OF A BUILDING LOCATED ON THE FIFTH INSTALLMENT OF METRO SQUARE – PHASE II, AN ADDITION TO THE CITY OF FARMERS BRANCH, TEXAS (COMMONLY KNOWN AS 2711 LBJ FREEWAY), SAID PROPERTY BEING LOCATED IN A PLANNED DEVELOPMENT DISTRICT NO. 74 (PD-74); ADOPTING DEVELOPMENT REGULATIONS; PROVIDING A CONFLICTS RESOLUTION CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING FOR A PENALTY OF FINE NOT TO EXCEED THE SUM OF TWO THOUSAND (\$2,000.00) DOLLARS; PROVIDING FOR TERMINATION IN THE EVENT OF CESSATION OF SPECIFIC USE; AND PROVIDING FOR AN EFFECTIVE DATE

WHEREAS, the Planning and Zoning Commission of the City of Farmers Branch and the governing body of the City of Farmers Branch, in compliance with the laws of the State of Texas and the ordinances of the City of Farmers Branch, have given requisite notice by publication and otherwise, and after holding due hearings and affording a full and fair hearing to all property owners generally and to all persons interested and situated in the affected area and in the vicinity thereof, the governing body, in the exercise of the legislative discretion, has concluded that the Comprehensive Zoning Ordinance and Zoning Map should be amended;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, THAT:

SECTION 1. The Comprehensive Zoning Ordinance and zoning map of the City of Farmers Branch, Texas, be, and the same are hereby amended, by granting a Specific Use Permit for Institutional Use (Private Nursing School) for a 22,000± square foot area of a building located on property described as the Fifth Installment of Metro Square – Phase II, an Addition to the City of Farmers Branch, Texas, according to the map or plat thereof recorded in Volume 83131, Page 3153, Deed Records, Dallas County, Texas (commonly known as 2711 LBJ Freeway) (“the Property”), which is located in Planned Development District No. 74 (PD-74).

SECTION 2. If the Property is used and developed for Institutional Use (Private Nursing School) as authorized by Section 1 of this Ordinance, such use shall be subject to the following special conditions:

A. The use of the Property shall be limited solely to the area of the First Floor and all of the

Second Floor of the building located on the Property as shown on the Floor Plan attached hereto as Exhibit “A” and incorporated herein by reference.

- B. All classroom activity related to the operation of the Nursing School shall be limited to the 2nd floor.
- C. All activities related to the Nursing School use shall be limited to the interior of the Property.
- D. No clinic activities or the practice of nursing on live patients shall be permitted on the Property pursuant to this Ordinance.
- E. The type of Institutional Use granted by this Ordinance shall be limited to a private nursing school.
- F. For purposes of Section 7 of this Ordinance, commencement of the use of a portion of the second floor area shown on the attached Floor Plan for the use granted by Section 1, above, shall not result in termination of this Ordinance and the Specific Use Permit granted hereby for the unused remainder of the second floor.

SECTION 3. In the event of an irreconcilable conflict between the provisions of another previously adopted ordinance of the City of Farmers Branch and the provisions of this Ordinance as applicable to the use and development of the Property, the provisions of this Ordinance shall be controlling.

SECTION 4. Should any sentence, paragraph, subdivision, clause, phrase or section of this Ordinance be adjudged or held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this Ordinance as a whole, or any part or provision thereof other than the part so decided to be invalid, illegal or unconstitutional, and shall not affect the validity of the Comprehensive Zoning Ordinance as a whole.

SECTION 5. An offense committed before the effective date of this ordinance is governed by prior law and the provisions of the Comprehensive Zoning Ordinance, as amended, in effect when the offense was committed and the former law is continued in effect for this purpose.

SECTION 6. Any person, firm or corporation violating any of the provisions or terms of this Ordinance shall be subject to the same penalty as provided for in the Comprehensive Zoning Ordinance of the City of Farmers Branch, as heretofore amended, and upon conviction shall be punished by a fine not to exceed the sum of Two Thousand Dollars (\$2,000) for each offense; and each and every day such violation shall continue shall be deemed to constitute a separate offense.

SECTION 7. This Ordinance and the right to use the Property for Institutional Use (Private Nursing School) pursuant to Section 1 of this Ordinance shall terminate if:

- A. Such use does not commence on or before the second anniversary of the effective date of this Ordinance; or
- B. If after commencement of the use of the Property for the Institutional Use (Private Nursing School) as authorized by this Ordinance, such use ceases for a period of 180 consecutive days.

SECTION 8. This Ordinance shall take effect after the passage of this Ordinance, the publication of the caption hereof as the law and charter in such case provide.

DULY PASSED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, ON THIS THE 3RD DAY OF MAY, 2016.

ATTEST:

APPROVED:

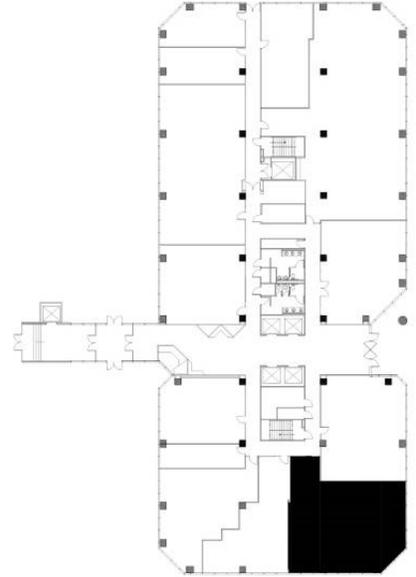
Amy Piukana, City Secretary

Bob Phelps, Mayor

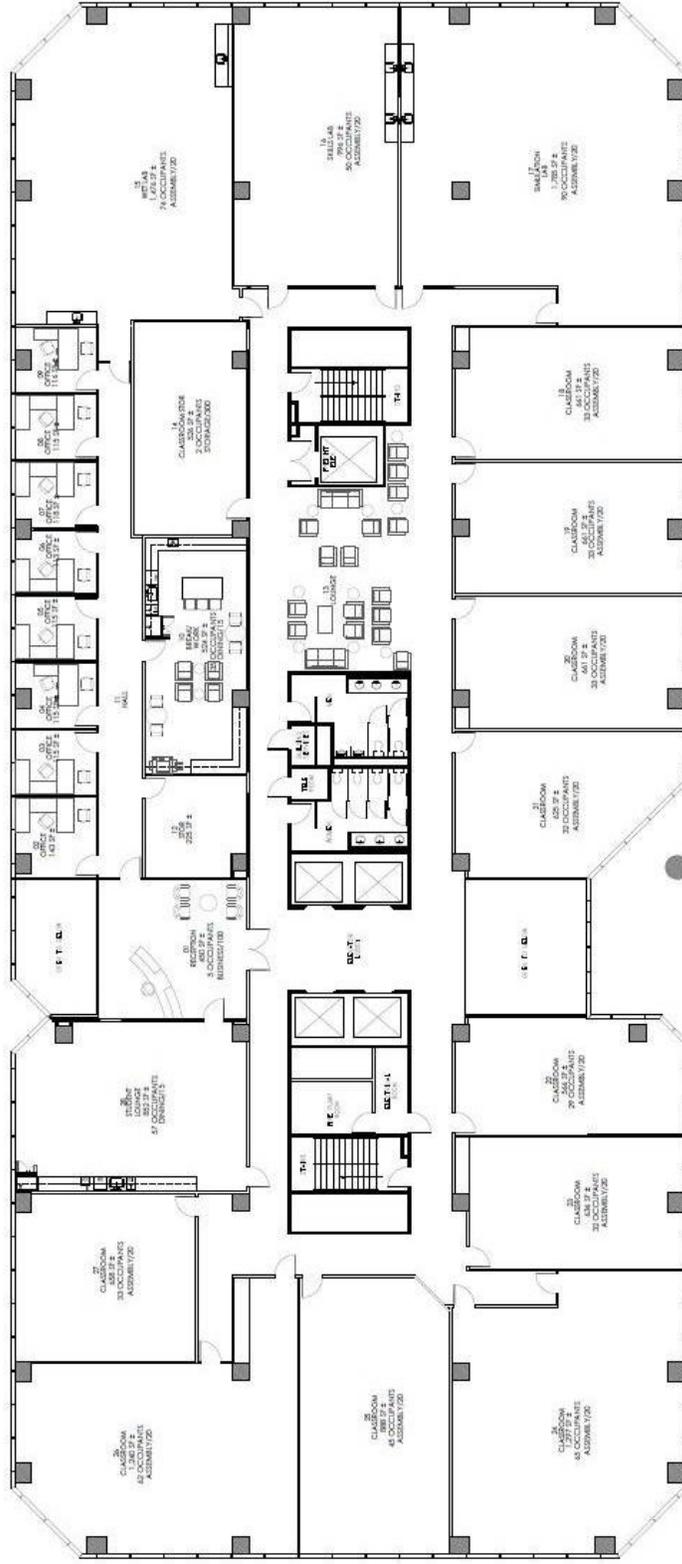
APPROVED AS TO FORM:

Peter G. Smith, City Attorney
(kbl:4/25/16:76616)

Ordinance No. 3367
Exhibit A – Floor Plan (1st Floor)



Ordinance No. 3367
Exhibit A – Floor Plan (2nd Floor)



Site Photographs







City of Farmers Branch

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Staff Report

File Number: ORD-3368

Agenda Date: 5/3/2016

Version: 1

Status: Regular Agenda

In Control: City Council

File Type: Ordinance

Agenda Number: H.2

Conduct a public hearing and consider adopting Ordinance No. 3368 approving a text amendments to Article 8, "Definitions and Explanations Noted in Use Regulations" of the Comprehensive Zoning Ordinance; and take appropriate action.

BACKGROUND:

In response to the recent redevelopment efforts throughout the City, specifically the East Side, staff has reviewed the current "Definitions and Explanations Noted in Use Regulations" of the Comprehensive Zoning Ordinance and determined that there were necessary revisions in order to encourage specific commercial activity.

RECOMMENDATION:

The Planning and Zoning Commission voted to recommend approval of this text amendment to the Comprehensive Zoning Ordinance as described in the Ordinance No. 3368.

ATTACHMENTS:

1. Information Memorandum
2. Ordinance No. 3368



Information MEMORANDUM

TO: Mayor and City Council

FROM: Charles Cox
Interim City Manager

DATE: May 3, 2016

SUBJECT: Proposed Ordinance No. 3368 to approve a Specific Use Permit for a text amendment to Article 8, "Definitions and Explanations Noted in Use Regulations" of the Comprehensive Zoning Ordinance

Summary:

In response to the recent redevelopment efforts throughout the City, specifically the East Side, staff has reviewed the Article 8, "Definitions and Explanations Noted in Use Regulations" of the Comprehensive Zoning Ordinance (CZO) and determined there were necessary revisions in order to encourage specific commercial activity. These proposed definition changes to the CZO are to reflect suggestions received from the city's business residents and potential land investors.

The proposed text amendments seeks to align the Comprehensive Zoning Ordinance's Article 8, "Definitions and Explanations Noted in Use Regulations" with the current redevelopment climate throughout the city, specifically the east side.

The current definitions for "Art Gallery or Museum" is as follows; an institution for the collection, display and distribution of objects of art or science, and which is sponsored by a public or quasi-public agency and which facility is open to the general public.

The intent with this amendment is to separate the two uses, Art Gallery and Museum, into their own individual categories with individual definitions for additional clarity and redevelopment flexibility.

Proposed Amendments:

The proposed new definitions would read as follows;

Art Gallery – An establishment engaged in the sale, loan and/or display of works of art including, but not limited to, books, paintings, sculptures, and other similar media.

Museum – A commercial or non-commercial establishment for preserving and exhibiting to the public artistic, historical, scientific, natural or man-made objects of interest. Such activity may include the sale of the objects collected and memorabilia, the sale of crafts work and artwork, boutiques, and the holding of meetings and social events.

These two new definitions for art galleries and museums allows for flexibility within the development community and also establishes more precise definitions that are less subject to differing interpretations.

There are no proposed changes to the Schedule of Use chart (see below) for these two uses. Both uses would still be allowed by right or permitted in LR-1, LR-2, C, LI, HI, PD and would require a Specific Use Permit (SUP) in the Office zoning district.

8-102 EDUCATIONAL, INSTITUTIONAL & SPECIAL USES

TYPE USE	R-1	R-2	R-3	R-4	R-5	R-6	D-1	D-2	MF-1	MF-2	MF-3	MF-4	O	LR-1	LR-2	C	LI	HI	PD
Adult Day Care (133)													S	S	S	S	S		
Art Gallery or Museum (8)													S	X	X	X	X	X	X

Public Response:

A public notice was published in the Dallas Morning News regarding this proposed text amendment to the Comprehensive Zoning Ordinance. As of April 29th, no letters of opposition have been received by the City for this proposed amendment.

Possible Council Action:

1. I move to adopt Ordinance No. 3368
2. I move to adopt Ordinance No. 3368 with the following modification(s)...
3. I move to table the item or take no action.



ORDINANCE NO. 3368

AN ORDINANCE OF THE CITY OF FARMERS BRANCH, TEXAS AMENDING THE COMPREHENSIVE ZONING ORDINANCE OF THE CITY OF FARMERS BRANCH, TEXAS, AS HERETOFORE AMENDED, BY AMENDING SECTION 8-700 “DEFINITIONS AND EXPLANATIONS NOTED IN USE REGULATIONS” BY ADDING DELETING THE DEFINITION FOR “ART GALLERY OR MUSEUM” AND ADDING NEW DEFINITIONS FOR THE WORDS AND PHRASES “ART GALLERY” AND “MUSEUM”; PROVIDING FOR A CONFLICTS RESOLUTION CLAUSE; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; PROVIDING A PENALTY OF FINE NOT TO EXCEED TWO THOUSAND DOLLARS (\$2000.00) FOR EACH OFFENSE; PROVIDING FOR AN EFFECTIVE DATE; AND PROVIDING PUBLICATION

WHEREAS, the Planning and Zoning Commission of the City of Farmers Branch and the governing body of the City of Farmers Branch, in compliance with the laws of the State of Texas and the ordinances of the City of Farmers Branch, have given requisite notice by publication and otherwise, and after holding due hearings and affording a full and fair hearing to all interested persons, the governing body, in the exercise of the legislative discretion, has concluded that the Comprehensive Zoning Ordinance should be amended;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, THAT:

SECTION 1. The Comprehensive Zoning Ordinance of the City of Farmers Branch, Texas, is hereby amended by amending Subsection 1 of Section 8-700 “Definitions and Explanations Noted in Use Regulations” by deleting the definition for “Art Gallery or Museum” and adding definitions for the words and phrases “Art Gallery” and “Museum” to read as follows:

Art Gallery – An establishment engaged in the sale, loan and/or display of works of art including, but not limited to, books, paintings, sculptures, and other similar media.

Museum – A commercial or non-commercial establishment for preserving and exhibiting to the public artistic, historical, scientific, natural or man-made objects of interest. Such activity may include the sale of the objects collected and memorabilia, the sale of crafts work and artwork, boutiques, and the holding of meetings and social events.

SECTION 2. In the event of an irreconcilable conflict between the provisions of another previously adopted ordinance of the City of Farmers Branch and the provisions of this Ordinance, the provisions of this Ordinance shall be controlling.

SECTION 3. Should any sentence, paragraph, subdivision, clause, phrase or section of this Ordinance be adjudged or held to be unconstitutional, illegal or invalid, the same shall not affect the validity of this Ordinance as a whole, or any part or provision thereof other than the part so decided to be invalid, illegal or unconstitutional, and shall not affect the validity of the Comprehensive Zoning Ordinance as a whole.

SECTION 4. An offense committed before the effective date of this ordinance is governed by prior law and the provisions of the Comprehensive Zoning Ordinance, as amended, in effect when the offense was committed and the former law is continued in effect for this purpose.

SECTION 5. Any person, firm or corporation violating any of the provisions or terms of this Ordinance shall be subject to the same penalty as provided for in the Comprehensive Zoning Ordinance of the City of Farmers Branch, as heretofore amended, and upon conviction shall be punished by a fine not to exceed the sum of Two Thousand Dollars (\$2,000) for each offense; and each and every day such violation shall continue shall be deemed to constitute a separate offense.

SECTION 6. This Ordinance shall take effect immediately from and after its passage and the publication of the caption, as the law and charter in such case provide.

DULY PASSED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, ON THIS THE 3rd DAY OF MAY, 2016.

ATTEST:

APPROVED:

Amy Piukana, City Secretary

Bob Phelps, Mayor

APPROVED AS TO FORM:

Peter G. Smith, City Attorney
(kbl:4/8/16:76351)



City of Farmers Branch

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Staff Report

File Number: R2016-046

Agenda Date: 5/3/2016

Version: 1

Status: Regular Agenda

In Control: City Council

File Type: Resolution

Agenda Number: I.1

Consider approving Resolution No. 2016-046 authorizing execution of a Residential Demolition/Rebuild Program Incentive Agreement for the owner of the property located at 2707 Farmers Branch Lane; and take appropriate action.

BACKGROUND:

In an effort to improve the quality of housing opportunities in Farmers Branch, the City Council enacted a Residential Demolition/Rebuild Program pursuant to Chapter 380 of the Texas Local Government Code to encourage the redevelopment of existing single-family detached residential properties with the construction of new, higher value, single-family detached residential structures.

DISCUSSION:

Applicants Gerald and Norma Smith are applying for Demo Rebuild Option Two. This includes an incentive equal to 10 times the amount of the increase in the City property taxes paid on the difference between the original home appraised value (excluding the land value) prior to demolition and the value of the newly constructed home (excluding the land value), as determined by the Dallas County Appraisal District for the year following completion of construction. If requested, the City will pay up to one-half of the estimated incentive at the time the owner closes on the permanent financing of the new home following completion of construction based on the valuation set forth in the application for building permit submitted to the City prior to construction. This option does not include reimbursement for demolition costs. Demolition of the original home and completion of construction and occupancy of the new home must be within 24 months of the effective date of the incentive agreement signed with the City. The current improvement value is \$79,430.00 and the estimated new improvement value is estimated to be at least \$350,000.

ATTACHMENTS:

1. Demo Rebuild Application 2707 Farmers Branch Lane
2. Location Map 2707 Farmers Branch Lane
3. Current Elevation 2707 Farmers Branch Lane
4. Front Elevation of New Home 2707 Farmers Branch Lane
5. Agreement
6. Resolution 2016-046

RECOMMENDATION:

Recommended motion by City Administration to approve Resolution No. 2016-046 authorizing execution of a Residential Demolition/Rebuild Program Incentive Agreement for the owner of

property located at 2707 Farmers Branch Lane.

POSSIBLE COUNCIL ACTION:

1. I move to approve Resolution 2016-046.
2. I move to approve Resolution 2016-046, with modifications.
3. I move to table the issue for further study or take no action.



Application Number D/R- _____

Date Received _____

CITY OF FARMERS BRANCH
RESIDENTIAL DEMOLITION/REBUILD
INCENTIVE PROGRAM

APPLICATION AND POLICY

This application is for the Residential Demolition/Rebuild Incentive Program and is subject to the attached policy. By submitting this application the undersigned acknowledges that such person has read and agrees to comply with the policy. ¹

Section A: Applicant Information

Applicant's Full Name _____

GERARD PAGE SMITH

Spouse or Co-Owner _____

NORMA JOAN SMITH

Current Mailing Address _____

2776 LETA MAE CIRCLE

City _____ State _____ Zip Code _____

FARMERS BRANCH

TX

75234

Phone _____ Cell _____ Fax _____

E-mail ² _____

For additional information regarding this application or the Residential Incentives Program, please contact Allison Cook, Economic Development Manager at 972.919.2507.

² A person's home email address is confidential and may not be disclosed to the public by the city unless a citizen consents. By submission of this application you consent to the public disclosure of your email address unless requested otherwise in writing.

Section B: New Home Information

2707 FARMERS BRANCH LANE

Address of New Home (the structure to be demolished and to be replaced with new residence)³

FARMERS BRANCH, TX 75234
City State Zip Code

\$ 350,000
Estimated Value of new structure (value of improvement only, not inclusive of land)

Applicant shall include with the submittal of this application a copy of each of the following:

- Valid Texas driver's license or Texas I.D. card for identification verification
- Completed W-9 Form, including Social Security Number or taxpayer ID number, for tax purposes
- Elevations and floor plan of new home

Submit floor plan of new home via email to Allison Cook and/or Madison Clark:

Allison.cook@farmersbranchtx.gov
Madison.clark@farmersbranchtx.gov

Section C: Incentive Selection

I am applying for the following incentive:

Residential Demolition/Rebuild Incentive Program (Check One):

Program Option 1: An incentive that is based on the increase over the course of seven (7) years in the City property taxes paid on the difference between the original home appraised value (excluding the land value) prior to demolition and the value of the newly constructed home (excluding the land value), as determined by the Dallas County Appraisal District. This option also includes a reimbursement of up to \$5000.00 of the cost of demolition of the original home following completion of demolition. Demolition of the original home and completion of construction and occupancy of the new home must be within 24 months of the effective date of the incentive agreement signed with the City.



Program Option 2: An incentive equal to 10 times the amount of the increase in the City property taxes paid on the difference between the original home appraised value (excluding the land value) prior to demolition and the value of the newly constructed home (excluding the land value), as determined by the Dallas County Appraisal District for the year following completion of construction. If requested, the City will pay up to one-half of the estimated incentive at the time the owner closes on the permanent financing of the new home following completion of construction based on the valuation set forth in the application for building permit submitted to the City prior to construction. This option does not include reimbursement for demolition costs. Demolition of the original home and

³ If address for the residence for the demolition/rebuild program is different from the applicant's address in Section A , above.

completion of construction and occupancy of the new home must be within 24 months of the effective date of the incentive agreement signed with the City.

Section D: Acknowledgements

I hereby certify that I am the owner and occupant of the property described in Section B, above (or that I am a builder or developer and own the property described in Section B above) and that the information set forth herein and accompanying this application is true and correct to the best of my knowledge. I hereby acknowledge that I have read, understand and agree to comply with the City of Farmers Branch Residential Demolition/Rebuild Incentive Program policy. Any VIOLATION of the terms or conditions of the Residential Demolition/Rebuild Incentive Program Policy or any false or misleading information in or submitted with this application shall constitute grounds for rejection of the application or termination of the reimbursement of the incentives, if approved, at the discretion of the City of Farmers Branch.

The undersigned acknowledges and agrees that the approval of the application shall not be deemed to be approval of any aspect of the construction of the proposed project, and that I am fully responsible for obtaining all required permits and inspections from the City of Farmers Branch, and that the demolition of the existing structure and the construction of the new residence complies with all applicable City rules, regulations and requirements.

I understand that my application will not be processed if it is incomplete. I further agree to provide any additional information for determining eligibility as requested by the City of Farmers Branch within the stated period of time for the submittal of the requested additional information, or the application will be deemed denied.

I understand that the approval of the application and participation in the program is discretionary with the City Council, and that the program may be suspended, terminated, or modified at any time regardless of availability of City funds or pending applications on file.

The undersigned acknowledges that if the application is approved that I (and my spouse or other joint owner of the property, if applicable) shall be required to enter into a contract with the City, for the payment of the incentive under the Residential Demolition/Rebuild Incentive Program and setting forth the Applicant(s) obligations under the Program.

GERALD P. SMITH

Printed Name of Applicant

Gerald P. Smith

Signature

4-13-16

Date

NORMA J. SMITH

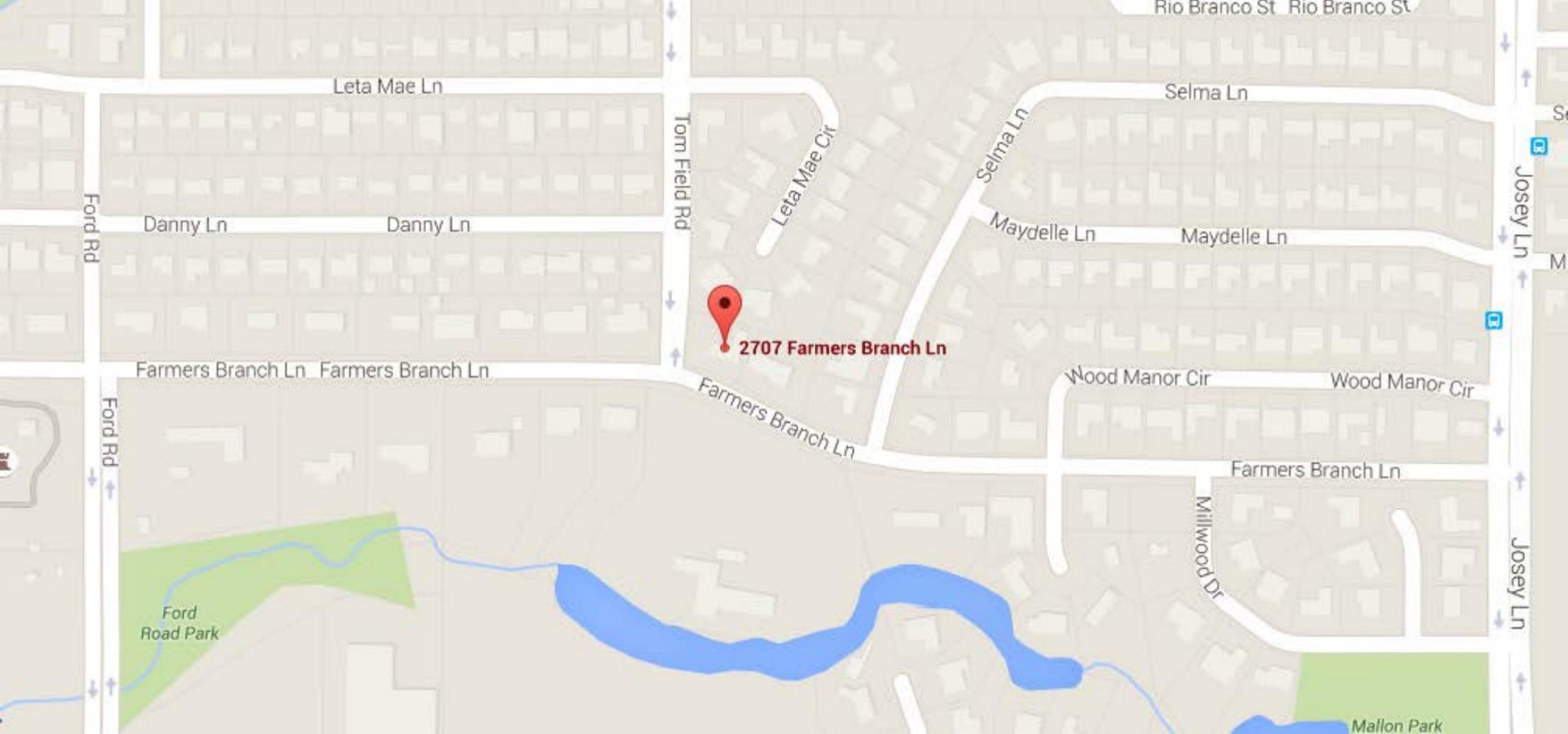
Printed Name of Co-Applicant

Norma J. Smith

Signature

4-13-16

Date



Leta Mae Ln

Selma Ln

Danny Ln

Danny Ln

Tom Field Rd

Leta Mae Cir

Selma Ln

Maydelle Ln

Maydelle Ln

2707 Farmers Branch Ln

Farmers Branch Ln

Wood Manor Cir

Wood Manor Cir

Farmers Branch Ln

Farmers Branch Ln

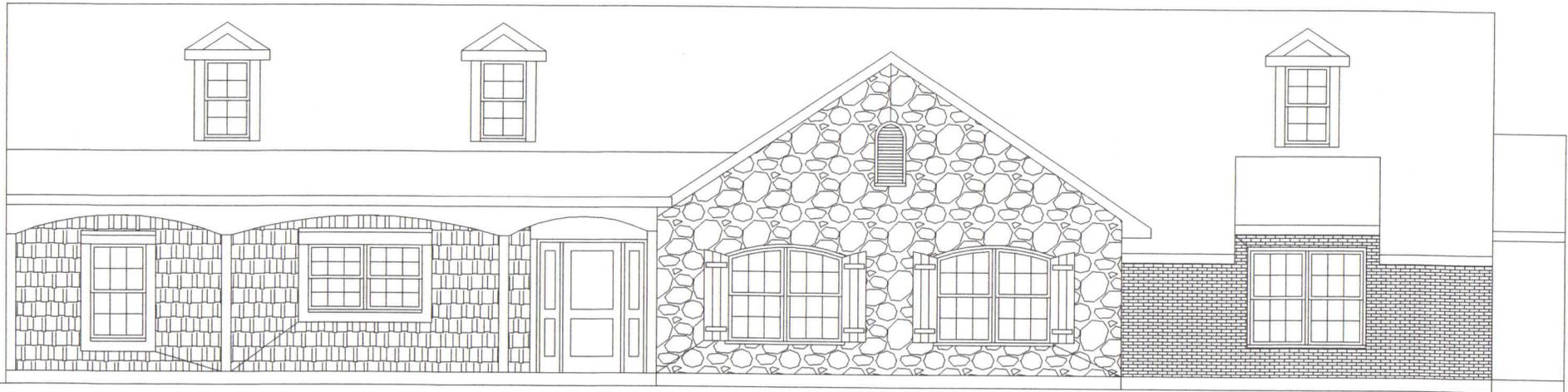
Millwood Dr

Josey Ln

Ford Road Park

Mallon Park





SOUTH ELEVATION

SCALE 1/4" = 1'-0"

STATE OF TEXAS §
COUNTY OF DALLAS §

**RESIDENTIAL DEMOLITION/REBUILD PROGRAM
INCENTIVE AGREEMENT**

This Economic Development Incentive Agreement (“Agreement”) is made by and between the City of Farmers Branch, Texas (the “City”), and Gerald P. Smith and wife, Norma J. Smith (the “Property Owner”), acting by and through their respective authorized officers and representatives.

WITNESSETH:

WHEREAS, Texas Local Government Code Chapter 380 allows the City to provide incentives for the promotion of economic development; and

WHEREAS, the promotion of the redevelopment of existing housing stock in the City promotes economic development within the City and is essential for the continued economic growth and vitality of the City; and

WHEREAS, it is well established that the availability of quality housing stock encourages the relocation of businesses and attracts new business enterprises, as well as the expansion of existing business enterprises within the City, which in turn stimulates growth, creates jobs and increases property and sales tax revenues; and

WHEREAS, the promotion of the housing stock is a major contributing factor to the growth of the City, which in turn stimulates trade and commerce and reduces unemployment; and

WHEREAS, residential development and redevelopment will attract and encourage business relocation and expansion since business will look to the available housing stock to meet the needs of management and the work force; and

WHEREAS, the City has determined that providing an economic development incentive in accordance with this Agreement will further the objectives of the City, will benefit the City and the City’s inhabitants and will promote local economic development and stimulate business and commercial activity in the City; and

WHEREAS, the Property Owner is the owner of a one-family detached residential dwelling located at 2707 Farmers Branch Lane, Farmers Branch, Texas 75234 (hereinafter defined as the “Residence”); and

WHEREAS, the Property Owner intends to demolish the Residence and construct a new one-family detached residential dwelling thereafter (hereinafter defined as the “New Residence”); and

WHEREAS, the Property Owner has been approved as an eligible participant and the demolition of the Residence and the construction of the New Residence has been approved as an eligible project (hereinafter defined as an “Approved Project”) under the City Demolition/Rebuild Property Tax Incentive Program (hereinafter defined as a “Program”);

NOW THEREFORE, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, and other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

**Article I
Term**

The term of this Agreement shall begin on the last date of execution hereof (the “Effective Date”) and shall continue until the Expiration Date, unless sooner terminated as provided herein.

**Article II
Definitions**

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

“Approved Project” shall mean the approval of the demolition of the Residence and the construction of the New Residence as an approved project by the City as being eligible for the incentives under the Program.

“Base Year” shall mean January 1 of the calendar year immediately preceding the date of approval of the Project.

“City” shall mean the City of Farmers Branch, Texas.

“Closing Costs” shall mean loan origination fees, points, title company escrow fees, cost of tax certificates, courier charges, document recording fees, document preparation fees, appraisal fees, costs of survey, and mortgagee title policy premium purchased for the benefit of the permanent financing lender, to be paid by Property Owner at the time of closing on the permanent financing of the New Residence. “Closing Costs” shall not include payment of homeowner’s insurance premium for the first year, payment of funds into any escrow required by the permanent financing lender for deposit of estimated installments for payment of homeowner’s insurance or ad valorem taxed, down payment of principal on the permanent financing, commissions payable to any real estate agent or broker, or property taxes owed on the Property which are required to be paid at Closing.

“Commencement Date” shall mean the date the City issues a certificate of occupancy or certificate of completion for the New Residence.

“Commencement of Construction” shall mean that (i) the plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained for the

Approved Project; and (ii) all necessary permits for the construction of the Approved Project have been issued by all applicable governmental authorities.

“Completion of Construction” shall mean that (i) substantial completion of construction of the New Residence has occurred; and (ii) the City has issued a final certificate of occupancy of certificate of inspection for the Approved Project.

“Effective Date” shall mean the last date of execution hereof.

“Event of Bankruptcy or Insolvency” shall mean insolvency, appointment of receiver for the Property Owner and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Property Owner and such proceeding is not dismissed within ninety (90) days after the filing thereof.

“Impositions” shall mean all taxes, assessments, use and occupancy taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, general and special, ordinary and extraordinary, foreseen and unforeseen, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on the Property Owner or any property or any business owned by Property Owner within the City.

“Incentive” shall mean an economic development incentive in an amount equal to ten (10) times the amount of increase in real property taxes for the Property for the first tax year following the date of Completion of Construction of the New Residence as the result of the increase in the Taxable Value of the New Residence compared to the Taxable Value of the Residence during the Base Year.

“Land” shall mean the real property located in the City of Farmers Branch, Texas, on which the Residence is located, but excluding any improvements, which property is described as Lot 21, in Block 1, of Farmington Park North, an Addition to the City of Farmers Branch, Dallas County, Texas, according to the Map thereof recorded in Volume 67035, Page 1, of the Map Records of Dallas County, Texas.

“New Residence” shall mean a new one family detached dwelling to be constructed on the Land, as approved by the City as an Approved Project, excluding the Land.

“Payment Request” shall mean (a) with respect to Optional Early Installment described in Section 3.2, below, a written request to be submitted to the City prior to closing on the permanent financing of the New Residence accompanied by the proposed purchaser’s settlement statement showing the date of closing and the amount of purchaser’s closing costs to be paid at closing; and (b) in the case of the Incentive Grant, a written request from the Property Owner to be submitted to the City on or before April 1 of the first calendar year following the first calendar year after Completion of Construction of the New Residence accompanied by a tax receipt showing that the ad valorem taxes assessed against the Land and the New Residence for the preceding tax year have been paid in full, and such other information as the City may reasonably request.

“Project” shall mean the demolition of the Residence and the construction of the New Residence on the Land.

“Property” shall mean the Land and the Residence or New Residence, as the case may be.

“Property Owner” shall mean the owner of the Residence.

“Residence” shall mean the existing one family detached dwelling located on the Land at the time of approval of the Approved Project by the City.

“Residential Demolition/Rebuild Program” shall mean the City of Farmers Branch Residential Demolition/Rebuild Incentive Program adopted by Resolution of the City Council, as amended.

“Taxable Value” shall mean the appraised value of the Residence or the New Residence, as the case may be, as certified by the Dallas Central Appraisal District, or its successor entity, as of January 1 of a given year. The Parties agree that, as of the Effective Date, the Taxable Value of the Residence is \$79,430.00

Article III Economic Development Incentive

3.1 Payment.

(a) Subject to the Property Owner’s continued satisfaction of the terms and conditions of this Agreement and the obligation of the Property Owner to repay the Incentive pursuant to Section 5.2, hereof, the City agrees to provide the Incentive to the Property Owner to be paid in a single lump-sum payment on April 1 following the first full calendar year following the date of Completion of Construction of the New Residence. The City agrees to pay the Incentive not later than thirty (30) days after receipt of the completed Payment Request.

(b) Solely for purposes of illustrating paragraph (a), above, assume the assessed value for the Residence is \$200,000 (i.e. not including the value of the Land) for tax year 2014 (the Base Year Taxable Value), the Approved Project is approved by the City in 2014 (i.e. the Base Year), and demolition commences in 2014. Assuming further Completion of Construction of the Approved Project occurs on May 15, 2015, the first full calendar year after Completion of Construction will be Tax Year 2016. If the Taxable Value of the New Residence (i.e. not including the value of the Land) for Tax Year 2016 is \$300,000, the Incentive will be calculated based on \$100,000 (the difference in Taxable Value between the Residence in the Base Year and the New Residence for the first full calendar year after Completion of Construction). Assume further the City’s property tax rate for Tax Year 2015 (the tax year in which Completion of Construction occurred) was \$0.6241 per \$100 of assessed value, the amount of the Incentive will be \$6241.00 (i.e. $\$100,000/\$100 \times \$0.6241 \times 10 = \6241.00). Except as provided in Section 3.2, below, the Incentive will be payable in a single lump sum after receipt of a Payment Request by the City from the Property Owner after December 31, 2016, and before April 1, 2017.

3.2 Optional Early Installment.

(a) Upon written request delivered to the City not later than ten (10) days prior to closing on the permanent financing for the New Residence, the Property Owner may request payment of a portion of the Incentive (“the Optional Early Installment”) in an amount not to exceed the lesser of (i) one-half (1/2) of the estimated Incentive (as estimated pursuant to this Section 3.2(a)) and (ii) the total Closing Costs shown on the purchaser’s settlement statement delivered with the Payment Request. For purpose of determining the amount of the Optional Early Installment, the calculation shall be based on (i) the difference in the Taxable Value of the Residence in the Base Year and the estimated value of the New Residence shown on the building permit(s) application(s) submitted to the City and (ii) the City’s ad valorem tax rate for the year of Completion of Construction. If the Property Owner elects to receive the Optional Early Installment, the balance of the Incentive will be paid on the date in which the Incentive would have been paid under Section 3.1 had the Property Owner not elected to receive the Optional Early Installment.

(b) Notwithstanding Section 3.1, above, if the Property Owner elects to receive the Optional Early Installment, the total of the Incentive to be paid by the City shall not exceed the lesser of (i) the Incentive as calculated pursuant to Section 3.1, above, and (ii) the Incentive as calculated pursuant to Section 3.2(a), above based on the value of the New Residence set forth in the building permit(s) for the New Residence submitted to the City.

(c) If the Property Owner elects to receive the Optional Early Installment and the amount of the Closing Costs is less than one-half (1/2) of the estimated Incentive as calculated pursuant to Section 3.2(a), the Property Owner shall remain entitled to the full amount of the Incentive as determined by Section 3.2(b), above, with the balance of the Incentive to be paid at the time provided in Section 3.2(a), above.

(d) Solely for purposes of illustrating Section 3.2(a), above, assume the Taxable Value for the Residence is \$200,000 (i.e. not including the value of the Land) for tax year 2014 (the Base Year Taxable Value), the Approved Project is approved by the City in 2014 (i.e. the Base Year), and demolition commences in 2014. Assuming further Completion of Construction of the Approved Project occurs on May 15, 2015, the first full calendar year after Completion of Construction will be Tax Year 2016. Assume also the Property Owner desires to close on the permanent financing on June 1, 2015. Assume also that the estimated value of the New Residence placed on the application for building permit for the New Residence submitted to the City was \$300,000. Finally, assume the City’s property tax rate for Tax Year 2015 (the tax year in which Completion of Construction occurred) is \$0.6241 per \$100 of assessed value. Based on the foregoing assumptions:

- (1) The estimated Incentive as calculated pursuant to Section 3.2(a) will be \$6241.00 (i.e. [$\$300,000 - \$200,000$]/\$100 x \$0.6241 x 10);
- (2) The Optional Early Installment payment will be the lesser of:

(i) \$3210.50 ($\$6241.00 \times .5$); and

(ii) the total of the Closing Costs to be paid by the Property Owner at the time of closing on the permanent financing loan for the New Residence.

(e) To complete the illustration under Section 3.1(d):

(1) If the Taxable Value for the New Residence (i.e. not including the value of the Land) for Tax Year 2016 (the first full calendar year following Completion of Construction) is \$300,000 (i.e. the same as the value estimate set forth in the building permit(s) application(s)), the total incentive due will be \$6241.00 and the balance of the Incentive to be paid to the Property Owner will be the amount of \$6241.00 less the amount of the Optional Early Installment, said balance being paid on the date set forth in Section 3.1(a);

(2) If the Taxable Value for the New Residence (i.e. not including the value of the Land) for Tax Year 2016 (the first full calendar year following Completion of Construction) is \$275,000 (i.e. less than the \$300,000 value estimate set forth in the building permit(s) application(s)), the total Incentive due will be \$4680.75 (i.e. $[\$275,000 - \$200,000]/\$100 \times \0.6241×10), and the balance of the Incentive to be paid to the Property Owner will be the amount of \$4680.75 less the amount of the Optional Early Installment, said balance being paid on the date set forth in Section 3.1(a); and

(3) If the Taxable Value for the New Residence (i.e. not including the value of the Land) for Tax Year 2016 (the first full calendar year following Completion of Construction) is \$400,000, based on Section 3.2(b), above, the Incentive will be based on the \$300,000 value estimate set forth in the building permit(s) application(s) and the total Incentive due will be \$6241.00 (i.e. $[\$300,000 - \$200,000]/\$100 \times \0.6241×10), and the balance of the Incentive to be paid to the Property Owner will be the amount of \$6241.00 less the amount of the Optional Early Installment, said balance being paid on the date set forth in Section 3.1(a).

3.3 Current Revenue. The Incentive made hereunder shall be paid solely from lawfully available funds that have been appropriated by the City. Under no circumstances shall City's obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. None of the City's obligations under this Agreement shall be pledged or otherwise encumbered in favor of any commercial lender and/or similar financial institution or other party.

Article IV Incentive Conditions

The City's obligation to pay the Incentive shall be conditioned upon the Property Owner's continued compliance with and satisfaction of the terms and conditions of this Agreement and each of the conditions set forth in this Article.

4.1 Inspections. The Property Owner agrees to submit to periodic inspections of the Approved Project by the City during the period beginning with the date of Commencement of Construction and ending on date of Completion of Construction.

4.2 Construction of the Approved Project. The Property Owner, shall subject to Events of Force Majeure, cause Completion of Construction of the Approved Project to occur on or before twenty-four (24) calendar months after the date of City approval of the Approved Project.

Article V Termination

5.1 This Agreement shall terminate upon the occurrence of any one of the following:

- (a) mutual agreement of the parties;
- (b) the Expiration Date;
- (c) by the City, if any Impositions owed to the City or the State of Texas by Property Owner shall become delinquent (provided, however Property Owner retains the right to timely and properly protest and contest any such Impositions);
- (d) by the City, in the event Property Owner breaches any of the terms or conditions of this Agreement and such breach is not cured within sixty (60) days after written notice thereof;
- (e) by City, if the Property Owner suffers an Event of Bankruptcy or Insolvency;
- (f) by City, if, subject to Force Majeure, Commencement of Construction of the New Residence has not occurred within twelve (12) months after demolition and removal of the Residence from the Land;
- (g) by City, if any subsequent Federal or State legislation or any final, non-appealable decision of a court of competent jurisdiction declares or renders this Agreement invalid, illegal or unenforceable; or
- (h) the sale or transfer of the Residence.

5.2 In the event of termination by the City pursuant to 5.1(c), (d), (e), (g), or (h), the Property Owner shall immediately repay to the City an amount equal to the total amount of Incentives paid to Property Owner, if any, prior to termination of this Agreement.

Article VI
Miscellaneous

6.1 Assignment. This Agreement may not be assigned without the prior written consent of the City. This Agreement shall automatically terminate upon any subsequent sale or transfer of the ownership of the Residence.

6.2 Binding Agreement. The terms and conditions of this Agreement are binding upon the successors and assigns of the parties hereto.

6.3 Limitation on Liability. It is understood and agreed between the parties that the Property Owner, in satisfying the conditions of this Agreement, has acted independently, and City assumes no responsibilities or liabilities to third parties in connection with these actions.

6.4 No Joint Venture. It is acknowledged and agreed by the parties that the terms hereof are not intended to and shall not be deemed to create a partnership or joint venture among the parties.

6.5 Authorization. Each party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement.

6.6 Notice. Any notice required or permitted to be delivered hereunder shall be deemed received three days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the party at the address set forth below or on the day actually received if sent by courier or otherwise hand delivered.

If intended for Property Owner, to:

On the Effective Date:

Gerald P. Smith
2776 Leta Mae Circle
Farmers Branch, Texas 75234

After Completion of Construction:

Gerald P. Smith
2707 Farmers Branch Lane
Farmers Branch, Texas 75234

If intended for City, to:

Attn: City Manager
City of Farmers Branch, Texas
13000 William Dodson Pkwy.
Farmers Branch, Texas 75234

With a copy to:

Peter G. Smith
Nichols, Jackson, Dillard, Hager & Smith, L.L.P.
1800 Ross Tower
500 N. Akard
Dallas, Texas 75201

6.7 Entire Agreement. This Agreement is the entire Agreement between the parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written Agreement between the parties that in any manner relates to the subject matter of this Agreement, except as provided in any Exhibits attached hereto.

6.8 Governing Law. The Agreement shall be governed by the laws of the State of Texas; and venue for any action concerning this Agreement shall be in the State District Court of Dallas County, Texas. The parties agree to submit to the personal and subject matter jurisdiction of said court.

6.9 Amendment. This Agreement may only be amended by the mutual written agreement of the parties.

6.10 Legal Construction. In the event 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 other provisions, and it is the intention of the parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

6.11 Recitals. The recitals to this Agreement are incorporated herein.

6.12 Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

6.13 Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

6.14 Employment of Undocumented Workers. During the term of this Agreement the Property Owner agrees not to knowingly employ any undocumented workers and if convicted of a violation under 8 U.S.C. Section 1324a (f), the Property Owner shall repay the amount of the Incentive and any other funds received by the Property Owner from the City as of the date of such violation within one hundred twenty (120) days after the date the Property Owner is notified by the City of such violation, plus interest at the rate of four percent (4%) compounded annually from the date of violation until paid. The Property Owner is not liable for a violation of this section by

a subsidiary, affiliate, or franchisee of the Property Owner or by a person with whom the Company contracts.

6.15 Future Incentives. The Property Owner agrees that the residence at 2707 Farmers Branch Lane, Farmers Branch, Texas 75234, will not be eligible for any other or further residential or other incentive offer now or hereafter by the City.

[Signature Page to Follow]

EXECUTED on this _____ day of _____, 2016.

City of Farmers Branch, Texas

By: _____
Charles S. Cox, Interim City Manager

Attest:

By: _____
Amy Piukana, City Secretary

Approved As To Form:

By: *Peter G. Smith*
Peter G. Smith, City Attorney

EXECUTED on this _____ day of _____, 2016.

Property Owner

Gerald P. Smith

Norma J. Smith



RESOLUTION NO. 2016-046

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, AUTHORIZING EXECUTION OF A RESIDENTIAL DEMOLITION/REBUILD PROGRAM INCENTIVE AGREEMENT FOR THE OWNER OF PROPERTY AT 2707 FARMERS BRANCH LANE; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the City of Farmers Branch has established a Residential Demolition/Rebuild Incentive Program pursuant to Chapter 380 of the Texas Local Government Code for the purpose of promoting the redevelopment of existing single family housing stock within the City (“the Incentive Program”); and

WHEREAS, the owner of the property generally located at 2707 Farmers Branch Lane has made application for the Incentive Program; and

WHEREAS, City Administration, having reviewed the foregoing application, has determined that the demolition and reconstruction of the residential structure on the above described property qualifies for the Incentive Program; and

WHEREAS, the City Council of the City of Farmers Branch finds it to be in the public interest to authorize the execution of an agreement setting forth the terms and conditions by which the owner of the above-described property will receive the benefits of the Incentive Program.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH, TEXAS, THAT:

SECTION 1. The City Manager is hereby authorized to execute on behalf of the City of Farmers Branch a Residential Demolition/Rebuild Program Incentive Agreement with Gerald P. Smith and wife, Norma J. Smith, with respect to property generally known as 2707 Farmers Branch Lane, Farmers Branch, Texas 75234, substantially in the form set forth in Exhibit “A,” attached hereto and incorporated herein by reference.

SECTION 2. The City Manager has full authority to administer the above approved agreement on behalf of the City including, but not limited to, providing notices of default and termination as the City Manager may, from time to time, deem appropriate and necessary.

SECTION 3. This Resolution shall be effective immediately upon final passage.

**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF FARMERS
BRANCH, TEXAS, THIS 3RD DAY OF MAY, 2016.**

ATTEST:

APPROVED:

Amy Piukana, City Secretary

Bob Phelps, Mayor

APPROVED AS TO FORM:

Peter G. Smith, City Attorney
(KBL:4-25-16:TM 76607)

Resolution No. 2016-046

Exhibit "A"

STATE OF TEXAS §
 § **RESIDENTIAL DEMOLITION/REBUILD PROGRAM**
 § **INCENTIVE AGREEMENT**
COUNTY OF DALLAS §

This Economic Development Incentive Agreement ("Agreement") is made by and between the City of Farmers Branch, Texas (the "City"), and Gerald P. Smith and wife, Norma J. Smith (the "Property Owner"), acting by and through their respective authorized officers and representatives.

WITNESSETH:

WHEREAS, Texas Local Government Code Chapter 380 allows the City to provide incentives for the promotion of economic development; and

WHEREAS, the promotion of the redevelopment of existing housing stock in the City promotes economic development within the City and is essential for the continued economic growth and vitality of the City; and

WHEREAS, it is well established that the availability of quality housing stock encourages the relocation of businesses and attracts new business enterprises, as well as the expansion of existing business enterprises within the City, which in turn stimulates growth, creates jobs and increases property and sales tax revenues; and

WHEREAS, the promotion of the housing stock is a major contributing factor to the growth of the City, which in turn stimulates trade and commerce and reduces unemployment; and

WHEREAS, residential development and redevelopment will attract and encourage business relocation and expansion since business will look to the available housing stock to meet the needs of management and the work force; and

WHEREAS, the City has determined that providing an economic development incentive in accordance with this Agreement will further the objectives of the City, will benefit the City and the City's inhabitants and will promote local economic development and stimulate business and commercial activity in the City; and

WHEREAS, the Property Owner is the owner of a one-family detached residential dwelling located at 2707 Farmers Branch Lane, Farmers Branch, Texas 75234 (hereinafter defined as the "Residence"); and

WHEREAS, the Property Owner intends to demolish the Residence and construct a new one-family detached residential dwelling thereafter (hereinafter defined as the "New Residence"); and

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WHEREAS, the Property Owner has been approved as an eligible participant and the demolition of the Residence and the construction of the New Residence has been approved as an eligible project (hereinafter defined as an "Approved Project") under the City Demolition/Rebuild Property Tax Incentive Program (hereinafter defined as a "Program");

NOW THEREFORE, in consideration of the foregoing, and on the terms and conditions hereinafter set forth, and other valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

Article I
Term

The term of this Agreement shall begin on the last date of execution hereof (the "Effective Date") and shall continue until the Expiration Date, unless sooner terminated as provided herein.

Article II
Definitions

Wherever used in this Agreement, the following terms shall have the meanings ascribed to them:

"Approved Project" shall mean the approval of the demolition of the Residence and the construction of the New Residence as an approved project by the City as being eligible for the incentives under the Program.

"Base Year" shall mean January 1 of the calendar year immediately preceding the date of approval of the Project.

"City" shall mean the City of Farmers Branch, Texas.

"Closing Costs" shall mean loan origination fees, points, title company escrow fees, cost of tax certificates, courier charges, document recording fees, document preparation fees, appraisal fees, costs of survey, and mortgagee title policy premium purchased for the benefit of the permanent financing lender, to be paid by Property Owner at the time of closing on the permanent financing of the New Residence. "Closing Costs" shall not include payment of homeowner's insurance premium for the first year, payment of funds into any escrow required by the permanent financing lender for deposit of estimated installments for payment of homeowner's insurance or ad valorem taxed, down payment of principal on the permanent financing, commissions payable to any real estate agent or broker, or property taxes owed on the Property which are required to be paid at Closing.

"Commencement Date" shall mean the date the City issues a certificate of occupancy or certificate of completion for the New Residence.

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"Commencement of Construction" shall mean that (i) the plans have been prepared and all approvals thereof required by applicable governmental authorities have been obtained for the Approved Project; and (ii) all necessary permits for the construction of the Approved Project have been issued by all applicable governmental authorities.

"Completion of Construction" shall mean that (i) substantial completion of construction of the New Residence has occurred; and (ii) the City has issued a final certificate of occupancy of certificate of inspection for the Approved Project.

"Effective Date" shall mean the last date of execution hereof.

"Event of Bankruptcy or Insolvency" shall mean insolvency, appointment of receiver for the Property Owner and such appointment is not terminated within ninety (90) days after such appointment is initially made, any general assignment for the benefit of creditors, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against the Property Owner and such proceeding is not dismissed within ninety (90) days after the filing thereof.

"Impositions" shall mean all taxes, assessments, use and occupancy taxes, charges, excises, license and permit fees, and other charges by public or governmental authority, general and special, ordinary and extraordinary, foreseen and unforeseen, which are or may be assessed, charged, levied, or imposed by any public or governmental authority on the Property Owner or any property or any business owned by Property Owner within the City.

"Incentive" shall mean an economic development incentive in an amount equal to ten (10) times the amount of increase in real property taxes for the Property for the first tax year following the date of Completion of Construction of the New Residence as the result of the increase in the Taxable Value of the New Residence compared to the Taxable Value of the Residence during the Base Year.

"Land" shall mean the real property located in the City of Farmers Branch, Texas, on which the Residence is located, but excluding any improvements, which property is described as Lot 21, in Block 1, of Farmington Park North, an Addition to the City of Farmers Branch, Dallas County, Texas, according to the Map thereof recorded in Volume 67035, Page 1, of the Map Records of Dallas County, Texas.

"New Residence" shall mean a new one family detached dwelling to be constructed on the Land, as approved by the City as an Approved Project, excluding the Land.

"Payment Request" shall mean (a) with respect to Optional Early Installment described in Section 3.2, below, a written request to be submitted to the City prior to closing on the permanent financing of the New Residence accompanied by the proposed purchaser's settlement statement showing the date of closing and the amount of purchaser's closing costs to be paid at closing; and (b) in the case of the Incentive Grant, a written request from the Property Owner to be submitted to the City on or before April 1 of the first calendar year following the first calendar year after Completion of Construction of the New Residence accompanied by a tax receipt

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showing that the ad valorem taxes assessed against the Land and the New Residence for the preceding tax year have been paid in full, and such other information as the City may reasonably request.

"Project" shall mean the demolition of the Residence and the construction of the New Residence on the Land.

"Property" shall mean the Land and the Residence or New Residence, as the case may be.

"Property Owner" shall mean the owner of the Residence.

"Residence" shall mean the existing one family detached dwelling located on the Land at the time of approval of the Approved Project by the City.

"Residential Demolition/Rebuild Program" shall mean the City of Farmers Branch Residential Demolition/Rebuild Incentive Program adopted by Resolution of the City Council, as amended.

"Taxable Value" shall mean the appraised value of the Residence or the New Residence, as the case may be, as certified by the Dallas Central Appraisal District, or its successor entity, as of January 1 of a given year. The Parties agree that, as of the Effective Date, the Taxable Value of the Residence is \$79,430.00

Article III

Economic Development Incentive

3.1 Payment.

(a) Subject to the Property Owner's continued satisfaction of the terms and conditions of this Agreement and the obligation of the Property Owner to repay the Incentive pursuant to Section 5.2, hereof, the City agrees to provide the Incentive to the Property Owner to be paid in a single lump-sum payment on April 1 following the first full calendar year following the date of Completion of Construction of the New Residence. The City agrees to pay the Incentive not later than thirty (30) days after receipt of the completed Payment Request.

(b) Solely for purposes of illustrating paragraph (a), above, assume the assessed value for the Residence is \$200,000 (i.e. not including the value of the Land) for tax year 2014 (the Base Year Taxable Value), the Approved Project is approved by the City in 2014 (i.e. the Base Year), and demolition commences in 2014. Assuming further Completion of Construction of the Approved Project occurs on May 15, 2015, the first full calendar year after Completion of Construction will be Tax Year 2016. If the Taxable Value of the New Residence (i.e. not including the value of the Land) for Tax Year 2016 is \$300,000, the Incentive will be calculated based on \$100,000 (the difference in Taxable Value between the Residence in the Base Year and the New Residence for the first full calendar year after Completion of Construction). Assume further the City's property tax rate for Tax Year 2015 (the tax year in which Completion of Construction occurred) was \$0.6241 per \$100 of assessed value, the amount of the Incentive will

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be \$6241.00 (i.e. $\$100,000/\$100 \times \$0.6241 \times 10 = \6241.00). Except as provided in Section 3.2, below, the Incentive will be payable in a single lump sum after receipt of a Payment Request by the City from the Property Owner after December 31, 2016, and before April 1, 2017.

3.2 Optional Early Installment.

(a) Upon written request delivered to the City not later than ten (10) days prior to closing on the permanent financing for the New Residence, the Property Owner may request payment of a portion of the Incentive (“the Optional Early Installment”) in an amount not to exceed the lesser of (i) one-half (1/2) of the estimated Incentive (as estimated pursuant to this Section 3.2(a)) and (ii) the total Closing Costs shown on the purchaser’s settlement statement delivered with the Payment Request. For purpose of determining the amount of the Optional Early Installment, the calculation shall be based on (i) the difference in the Taxable Value of the Residence in the Base Year and the estimated value of the New Residence shown on the building permit(s) application(s) submitted to the City and (ii) the City’s ad valorem tax rate for the year of Completion of Construction. If the Property Owner elects to receive the Optional Early Installment, the balance of the Incentive will be paid on the date in which the Incentive would have been paid under Section 3.1 had the Property Owner not elected to receive the Optional Early Installment.

(b) Notwithstanding Section 3.1, above, if the Property Owner elects to receive the Optional Early Installment, the total of the Incentive to be paid by the City shall not exceed the lesser of (i) the Incentive as calculated pursuant to Section 3.1, above, and (ii) the Incentive as calculated pursuant to Section 3.2(a), above based on the value of the New Residence set forth in the building permit(s) for the New Residence submitted to the City.

(c) If the Property Owner elects to receive the Optional Early Installment and the amount of the Closing Costs is less than one-half (1/2) of the estimated Incentive as calculated pursuant to Section 3.2(a), the Property Owner shall remain entitled to the full amount of the Incentive as determined by Section 3.2(b), above, with the balance of the Incentive to be paid at the time provided in Section 3.2(a), above.

(d) Solely for purposes of illustrating Section 3.2(a), above, assume the Taxable Value for the Residence is \$200,000 (i.e. not including the value of the Land) for tax year 2014 (the Base Year Taxable Value), the Approved Project is approved by the City in 2014 (i.e. the Base Year), and demolition commences in 2014. Assuming further Completion of Construction of the Approved Project occurs on May 15, 2015, the first full calendar year after Completion of Construction will be Tax Year 2016. Assume also the Property Owner desires to close on the permanent financing on June 1, 2015. Assume also that the estimated value of the New Residence placed on the application for building permit for the New Residence submitted to the City was \$300,000. Finally, assume the City’s property tax rate for Tax Year 2015 (the tax year in which Completion of Construction occurred) is \$0.6241 per \$100 of assessed value. Based on the foregoing assumptions:

(1) The estimated Incentive as calculated pursuant to Section 3.2(a) will be \$6241.00 (i.e. $[\$300,000 - \$200,000]/\$100 \times \0.6241×10);

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(2) The Optional Early Installment payment will be the lesser of:

(i) \$3210.50 ($\$6241.00 \times .5$); and

(ii) the total of the Closing Costs to be paid by the Property Owner at the time of closing on the permanent financing loan for the New Residence.

(e) To complete the illustration under Section 3.1(d):

(1) If the Taxable Value for the New Residence (i.e. not including the value of the Land) for Tax Year 2016 (the first full calendar year following Completion of Construction) is \$300,000 (i.e. the same as the value estimate set forth in the building permit(s) application(s)), the total incentive due will be \$6241.00 and the balance of the Incentive to be paid to the Property Owner will be the amount of \$6241.00 less the amount of the Optional Early Installment, said balance being paid on the date set forth in Section 3.1(a);

(2) If the Taxable Value for the New Residence (i.e. not including the value of the Land) for Tax Year 2016 (the first full calendar year following Completion of Construction) is \$275,000 (i.e. less than the \$300,000 value estimate set forth in the building permit(s) application(s)), the total Incentive due will be \$4680.75 (i.e. $[\$275,000 - \$200,000]/\$100 \times \0.6241×10), and the balance of the Incentive to be paid to the Property Owner will be the amount of \$4680.75 less the amount of the Optional Early Installment, said balance being paid on the date set forth in Section 3.1(a); and

(3) If the Taxable Value for the New Residence (i.e. not including the value of the Land) for Tax Year 2016 (the first full calendar year following Completion of Construction) is \$400,000, based on Section 3.2(b), above, the Incentive will be based on the \$300,000 value estimate set forth in the building permit(s) application(s) and the total Incentive due will be \$6241.00 (i.e. $[\$300,000 - \$200,000]/\$100 \times \0.6241×10), and the balance of the Incentive to be paid to the Property Owner will be the amount of \$6241.00 less the amount of the Optional Early Installment, said balance being paid on the date set forth in Section 3.1(a).

3.3 Current Revenue. The Incentive made hereunder shall be paid solely from lawfully available funds that have been appropriated by the City. Under no circumstances shall City's obligations hereunder be deemed to create any debt within the meaning of any constitutional or statutory provision. None of the City's obligations under this Agreement shall be pledged or otherwise encumbered in favor of any commercial lender and/or similar financial institution or other party.

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Article IV

Incentive Conditions

The City's obligation to pay the Incentive shall be conditioned upon the Property Owner's continued compliance with and satisfaction of the terms and conditions of this Agreement and each of the conditions set forth in this Article.

4.1 Inspections. The Property Owner agrees to submit to periodic inspections of the Approved Project by the City during the period beginning with the date of Commencement of Construction and ending on date of Completion of Construction.

4.2 Construction of the Approved Project. The Property Owner, shall subject to Events of Force Majeure, cause Completion of Construction of the Approved Project to occur on or before twenty-four (24) calendar months after the date of City approval of the Approved Project.

Article V

Termination

5.1 This Agreement shall terminate upon the occurrence of any one of the following:

- (a) mutual agreement of the parties;
- (b) the Expiration Date;
- (c) by the City, if any Impositions owed to the City or the State of Texas by Property Owner shall become delinquent (provided, however Property Owner retains the right to timely and properly protest and contest any such Impositions);
- (d) by the City, in the event Property Owner breaches any of the terms or conditions of this Agreement and such breach is not cured within sixty (60) days after written notice thereof;
- (e) by City, if the Property Owner suffers an Event of Bankruptcy or Insolvency;
- (f) by City, if, subject to Force Majeure, Commencement of Construction of the New Residence has not occurred within twelve (12) months after demolition and removal of the Residence from the Land;
- (g) by City, if any subsequent Federal or State legislation or any final, non-appealable decision of a court of competent jurisdiction declares or renders this Agreement invalid, illegal or unenforceable; or
- (h) the sale or transfer of the Residence.

5.2 In the event of termination by the City pursuant to 5.1(c), (d), (e), (g), or (h), the Property Owner shall immediately repay to the City an amount equal to the total amount of Incentives paid to Property Owner, if any, prior to termination of this Agreement.

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**Article VI
Miscellaneous**

6.1 Assignment. This Agreement may not be assigned without the prior written consent of the City. This Agreement shall automatically terminate upon any subsequent sale or transfer of the ownership of the Residence.

6.2 Binding Agreement. The terms and conditions of this Agreement are binding upon the successors and assigns of the parties hereto.

6.3 Limitation on Liability. It is understood and agreed between the parties that the Property Owner, in satisfying the conditions of this Agreement, has acted independently, and City assumes no responsibilities or liabilities to third parties in connection with these actions.

6.4 No Joint Venture. It is acknowledged and agreed by the parties that the terms hereof are not intended to and shall not be deemed to create a partnership or joint venture among the parties.

6.5 Authorization. Each party represents that it has full capacity and authority to grant all rights and assume all obligations that are granted and assumed under this Agreement.

6.6 Notice. Any notice required or permitted to be delivered hereunder shall be deemed received three days thereafter sent by United States Mail, postage prepaid, certified mail, return receipt requested, addressed to the party at the address set forth below or on the day actually received if sent by courier or otherwise hand delivered.

If intended for Property Owner, to:

On the Effective Date:

Gerald P. Smith
2776 Leta Mae Circle
Farmers Branch, Texas 75234

After Completion of Construction:

Gerald P. Smith
2707 Farmers Branch Lane
Farmers Branch, Texas 75234

If intended for City, to:

Attn: City Manager
City of Farmers Branch, Texas
13000 William Dodson Pkwy.
Farmers Branch, Texas 75234

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With a copy to:

Peter G. Smith
Nichols, Jackson, Dillard, Hager & Smith, L.L.P.
1800 Ross Tower
500 N. Akard
Dallas, Texas 75201

6.7 Entire Agreement. This Agreement is the entire Agreement between the parties with respect to the subject matter covered in this Agreement. There is no other collateral oral or written Agreement between the parties that in any manner relates to the subject matter of this Agreement, except as provided in any Exhibits attached hereto.

6.8 Governing Law. The Agreement shall be governed by the laws of the State of Texas; and venue for any action concerning this Agreement shall be in the State District Court of Dallas County, Texas. The parties agree to submit to the personal and subject matter jurisdiction of said court.

6.9 Amendment. This Agreement may only be amended by the mutual written agreement of the parties.

6.10 Legal Construction. In the event 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 other provisions, and it is the intention of the parties to this Agreement that in lieu of each provision that is found to be illegal, invalid, or unenforceable, a provision shall be added to this Agreement which is legal, valid and enforceable and is as similar in terms as possible to the provision found to be illegal, invalid or unenforceable.

6.11 Recitals. The recitals to this Agreement are incorporated herein.

6.12 Counterparts. This Agreement may be executed in counterparts. Each of the counterparts shall be deemed an original instrument, but all of the counterparts shall constitute one and the same instrument.

6.13 Survival of Covenants. Any of the representations, warranties, covenants, and obligations of the parties, as well as any rights and benefits of the parties, pertaining to a period of time following the termination of this Agreement shall survive termination.

6.14 Employment of Undocumented Workers. During the term of this Agreement the Property Owner agrees not to knowingly employ any undocumented workers and if convicted of a violation under 8 U.S.C. Section 1324a (f), the Property Owner shall repay the amount of the Incentive and any other funds received by the Property Owner from the City as of the date of such violation within one hundred twenty (120) days after the date the Property Owner is notified by the City of such violation, plus interest at the rate of four percent (4%) compounded annually from the date of violation until paid. The Property Owner is not liable for a violation of

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this section by a subsidiary, affiliate, or franchisee of the Property Owner or by a person with whom the Company contracts.

6.15 Future Incentives. The Property Owner agrees that the residence at 2707 Farmers Branch Lane, Farmers Branch, Texas 75234, will not be eligible for any other or further residential or other incentive offer now or hereafter by the City.

[Signature Page to Follow]

**Resolution No. 2016-046
Exhibit "A"**

EXECUTED on this _____ day of _____, 2016.

City of Farmers Branch, Texas

By: _____
Charles S. Cox, Interim City Manager

Attest:

By: _____
Amy Piukana, City Secretary

Approved As To Form:

By: *Peter G. Smith*
Peter G. Smith, City Attorney

EXECUTED on this _____ day of _____, 2016.

Property Owner

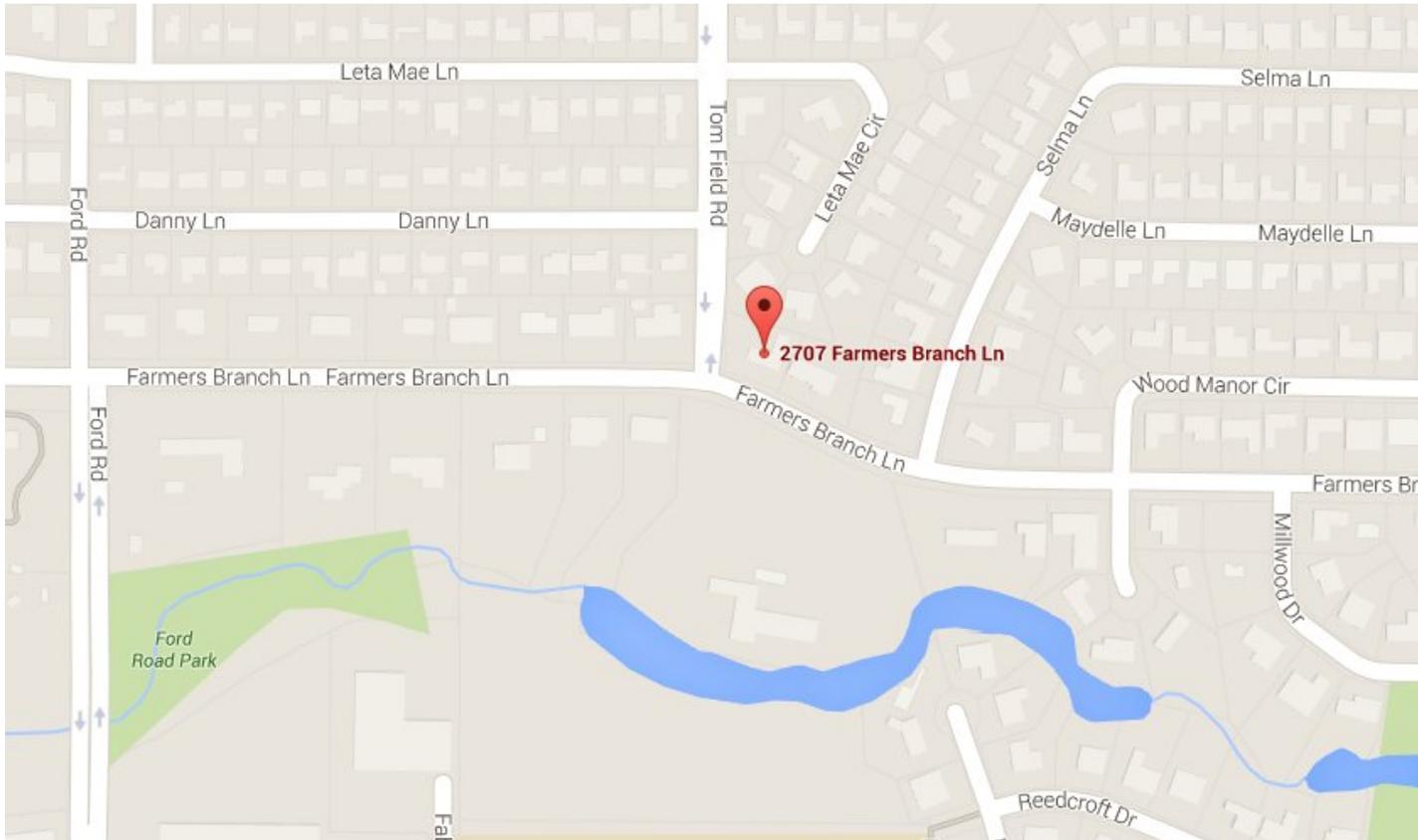
Gerald P. Smith

Norma J. Smith

Demo Rebuild

2707 FARMERS BRANCH LANE
GERALD SMITH





FRONT ELEVATION





CURRENT
IMPROVEMENT
VALUE:

\$79,430
1,900SF

ESTIMATED NEW
IMPROVEMENT
VALUE:

\$350,000
2,953SF

LAND VALUE:

\$87,500

Summary

Gerald Smith chose Demo Rebuild Option Two

An incentive equal to 10 times the amount of the increase in the City property taxes paid on the difference between the original home appraised value (excluding the land value) prior to demolition and the value of the newly constructed home (excluding the land value), as determined by the Dallas County Appraisal District for the year following completion of construction. If requested, the City will pay up to one-half of the estimated incentive at the time the owner closes on the permanent financing of the new home following completion of construction based on the valuation set forth in the application for building permit submitted to the City prior to construction. This option does not include reimbursement for demolition costs. Demolition of the original home and completion of construction and occupancy of the new home must be within 24 months of the effective date of the incentive agreement signed with the City.



City of Farmers Branch

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Staff Report

File Number: ORD-3369

Agenda Date: 5/3/2016

Version: 1

Status: Regular Agenda

In Control: City Council

File Type: Ordinance

Agenda Number: I.2

Consider adopting Ordinance No. 3369 authorizing the issuance of City of Farmers Branch, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016, in an aggregate principal amount of not to exceed \$2,600,000 for public safety improvements, equipment and supporting systems for the Farmers Branch Justice Center; awarding the sale of the Certificates, levying a tax in payment thereof and providing for the security for and payment of said Certificates; approving the official statement and a paying agent/registrar agreement; enacting other provisions relating thereto; declaring an effective date; and take appropriate action.

BACKGROUND:

On March 29, 2016, the City Council approved Resolution No. 2016-038 authorizing the publication of Notice of Intention to Issue City of Farmers Branch, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016, in a principal amount not to exceed \$2.6 million, for the purpose of paying contractual obligations to be incurred for the following purposes: a) designing, constructing, reconstructing, improving, renovating, expanding, equipping and furnishing police facilities and acquiring police equipment and supporting systems, including improvements to the Farmers Branch Justice Center, and the acquisition of land therefor; and, b) to pay the costs associated with the issuance of the Certificates.

This notice was published in the Dallas Morning News in the manner required by law on April 1 and April 8, 2016, with a scheduled meeting date and time of May 3, 2016 at 6:00 p.m. All legal requirements necessary to issue these certificates have been met. The \$2.6 million in 20-year maturity certificates will be sold on May 3, 2016, pending a) receipt of Form 1295 (the "Disclosure Form") pursuant to House Bill 1295 prior to approval of the Ordinance authorizing the issuance of sale; and, b) pending approval of this Ordinance.

A final version of the Ordinance, with interest rate pricing included, will be distributed prior to City Council consideration of this agenda item. The Ordinance pledges the full faith and credit of the City guaranteeing certificate repayment through the levy of a property tax, which is estimated to be 0.0033 cents (1/3 of one cent).

DISCUSSION:

Ordinance No. 3369 provides for the issuance and sale of the certificates authorized by Resolution No. 2016-038. This agenda item supports the City Council goal to maintain responsible stewardship of taxpayers' investments in the community.

RECOMMENDATION:

City Administration recommends adopting Ordinance No. 3369 providing for the issuance, sale, and delivery of Combination Tax and Revenue Certificates of Obligation, Series 2016, in the aggregate principal amount of approximately \$2,600,000.

POSSIBLE COUNCIL ACTION:

1. I move to approve Ordinance No. 3369 authorizing the issuance of City of Farmers Branch, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016, in an aggregate principal amount of not to exceed \$2,600,000 for public safety improvements, equipment and supporting systems for the Farmers Branch Justice Center; awarding the sale of the Certificates, levying a tax in payment thereof and providing for the security for and payment of said Certificates; approving the Official Statement and a paying agent/registrar agreement; enacting other provisions relating thereto; and, declaring an effective date.
2. I move to approve Ordinance No. 3369 authorizing the issuance of City of Farmers Branch, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016, in an aggregate principal amount of not to exceed \$2,600,000 for public safety improvements, equipment and supporting systems for the Farmers Branch Justice Center; awarding the sale of the Certificates, levying a tax in payment thereof and providing for the security for and payment of said Certificates; approving the Official Statement and a paying agent/registrar agreement; enacting other provisions relating thereto; and, declaring an effective date, with modifications.
3. I move to table the issue for further study or take no action.

ATTACHMENTS:

1. Ordinance No. 3369 (Draft Version - Final to be distributed at City Council Meeting)
2. Preliminary Official Statement
3. Notice of Sale

ORDINANCE NO. 3369

AUTHORIZING THE ISSUANCE OF

\$ _____
CITY OF FARMERS BRANCH, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATES OF OBLIGATION
SERIES 2016

Adopted: May 3, 2016

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AN ORDINANCE OF THE CITY OF FARMERS BRANCH, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF FARMERS BRANCH, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016, IN THE AGGREGATE PRINCIPAL AMOUNT OF \$_____; LEVYING A TAX IN PAYMENT THEREOF; PRESCRIBING THE FORM OF SAID CERTIFICATES; APPROVING THE OFFICIAL STATEMENT; ENACTING OTHER PROVISIONS RELATING THERETO; AND DECLARING AN EFFECTIVE DATE

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

WHEREAS, the City is authorized to provide that such obligations will be payable from and secured by the levy of a direct and continuing ad valorem tax against all taxable property within the City, in combination with a part of certain revenues of the City's waterworks and sewer system (the "System") remaining after payment of any obligations of the City payable in whole or in part from a lien or pledge of such revenues that would be superior to the obligations to be authorized herein; and

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

WHEREAS, pursuant to a resolution heretofore passed by this governing body, notice of intention to issue Certificates of the City payable as provided in this Ordinance was published in a newspaper of general circulation in the City in accordance with the requirements of law (the "Notice of Intention"); and

WHEREAS, the Notice of Intention stated that the City Council intended to pass an ordinance authorizing the issuance of the certificates of obligation at the regularly scheduled May 3, 2016 City Council meeting; and

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

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

WHEREAS, the City Council found and determined that it was necessary and in the best interest of the City to receive competitive bids on the interest rate and the amount of the

premium of the certificates authorized hereunder and advertised and received bids for the sale of the certificates authorized hereunder on May 3, 2016; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of Chapter 551, Texas Government Code, as amended;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FARMERS BRANCH:

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:

“Applicable Law” means the duly adopted home rule charter of the City, and all other laws or statutes, rules or regulations, and any amendments thereto, of the State or of the United States by which the City and its powers, securities, credit agreement, operations and procedures are, or may be, governed or from which its powers may be derived.

“Certificate” means any of the Certificates.

“Certificates” means any of the City’s certificates of obligation entitled “City of Farmers Branch, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016” authorized to be issued by Section 3.01.

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

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

“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.

“EMMA” means Electronic Municipal Market Access System.

“Event of Default” means any Event of Default as defined in Section 10.01.

“Initial Certificate” means the Certificate described in Section 3.04(d) and 6.02(d).

“Interest and Sinking Fund” means the interest and sinking fund established by Section 8.01(a).

“Interest Payment Date” means the date or dates upon which interest on the Certificates is scheduled to be paid until the maturity of the Certificates, such dates being May 1 and November 1 of each year commencing November 1, 2016.

“MSRB” means the Municipal Securities Rulemaking Board.

“Net Revenues” means the gross revenues of the System less the expenses of operation and maintenance as said expenses are defined by Chapter 1502, Texas Government Code, as amended.

“Ordinance” means this Ordinance.

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

“Paying Agent/Registrar” means initially The Bank of New York Mellon Trust Company, National Association, Dallas Texas, or any successor thereto as provided in this Ordinance.

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

“Prior Lien Bonds” means any and all bonds or other obligations of the City presently outstanding or that may be hereafter issued, payable from and secured by a first lien on and pledge of the Net Revenues or by a lien on and pledge of the Net Revenues subordinate to a first lien and pledge of such Net Revenues but superior to the lien and pledge of the Surplus Revenues made for the Certificates.

“Project” means the purposes for which the Certificates are issued as set forth in Section 3.01.

“Project Fund” means the project fund established by Section 8.01(a).

“Purchaser” means _____.

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

“Register” means the Register specified in Section 3.06(a).

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

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

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

“Special Payment Date” means the Special Payment Date prescribed by Section 3.03(b).

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b).

“Surplus Revenues” means the revenues of the System remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with the City’s Prior Lien Bonds; provided, however, that the amount of such surplus revenues pledged to the payment of the Certificates shall be limited to \$1,000.

“System” as used in this Ordinance means the City’s waterworks and sewer system, including all present and future additions, extensions, replacements, and improvements thereto.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of the principal of or interest on Certificates as the same become due and payable and remaining unclaimed by the Owners of such Certificates for 90 days after the applicable payment or redemption date.

Section 1.02. Other Definitions.

The terms “City Council” and “City” shall have the meaning assigned in the preamble to 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) Article and Section references shall mean references to articles and sections of this Ordinance unless designated otherwise.

(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.

ARTICLE II

SECURITY FOR THE CERTIFICATES

Section 2.01. Payment of the Certificates.

(a) Pursuant to the authority granted by the Texas Constitution and the laws of the State of Texas, there is hereby levied for the current year and for each succeeding year hereafter while any of the Certificates or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars' valuation of taxable property within the City, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Certificates, being (i) the interest on the Certificates, and (ii) a sinking fund for their redemption at maturity or a sinking fund of two percent per annum (whichever amount is the 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 Certificates when and as due and payable in accordance with their terms and this Ordinance.

(d) The amount of taxes to be provided annually for the payment of principal of and interest on the Certificates shall be determined and accomplished in the following manner:

(i) The City's annual budget shall reflect (i) the amount of debt service requirements to become due on the Certificates in the next succeeding Fiscal Year of the City, (ii) the amount on deposit in the Interest and Sinking Fund, as of the date such budget is prepared (after giving effect to any payments required to be made during the remainder of the then current Fiscal Year), and (iii) the amount of Surplus Revenues estimated and budgeted to be available for the payment of such debt service requirements on the Certificates during the next succeeding Fiscal Year of the City.

(ii) The amount required to be provided in the succeeding Fiscal Year of the City from ad valorem taxes shall be the amount, if any, the debt service requirements to be paid on the Certificates in the next succeeding Fiscal Year of the City exceeds the sum of (i) the amount shown to be on deposit in the Interest and Sinking Fund (after giving effect to any payments required to be made during the remainder of the then current Fiscal Year) at the time the annual budget is prepared, and (ii) the Surplus Revenues shown to be budgeted and available for payment of said debt service requirements.

(iii) Following the final approval of the annual budget of the City, the governing body of the City shall, by ordinance, levy an ad valorem tax at a rate sufficient to produce taxes in the amount determined in paragraph (b) above, to be utilized for purposes of paying the principal of and interest on the Certificates in the next succeeding Fiscal Year of the City.

(e) The City hereby covenants and agrees that the Surplus Revenues are hereby irrevocably pledged equally and ratably to the payment of the principal of, redemption premium, if any, and interest on the Certificates, as the same become due.

(f) To the extent the City has available funds which may be lawfully used to pay debt service on the Certificates and such funds are on deposit in the Interest and Sinking Fund in advance of the time when the City Council of the City is scheduled to set a tax rate for any year, then such tax rate which would otherwise be required to be established pursuant to subsection (a) of this Section may be reduced to the extent and by the amount of such funds in the Interest and Sinking Fund.

(g) If the liens and provisions of this Ordinance shall be released in a manner permitted by Article XI hereof, then the collection of such ad valorem tax may be suspended or appropriately reduced, as the facts may permit, and further deposits to the Interest and Sinking Fund may be suspended or appropriately reduced, as the facts may permit. In determining the aggregate principal amount of outstanding Certificates, there shall be subtracted the amount of any Certificates that have been duly called for redemption and for which money has been deposited with the Paying Agent/Registrar for such redemption.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE CERTIFICATES

Section 3.01. Authorization.

The City's certificates of obligation to be designated "City of Farmers Branch, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016" (the "Certificates"), are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, particularly Chapter 271, Subchapter C, Texas Local Government Code, as amended and Section 9.13 of the City's Home-Rule Charter. The Certificates shall be issued in the aggregate principal amount of \$_____ for the purpose of paying contractual obligations to be incurred for the following purposes, to wit: (a) designing, constructing, reconstructing, improving, renovating, expanding, equipping and furnishing police facilities and acquiring police equipment and supporting systems, including improvements to the Farmers Branch Justice Center, and the acquisition of land therefor (the "Project"), and (b) paying professional services of attorneys, financial advisors and other professionals in connection with the Project and the issuance of the Certificates.

Section 3.02. Date, Denomination, Maturities, Numbers and Interest.

(a) The Certificates shall be dated May 1, 2016 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 Certificate, which shall be numbered T-1.

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

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2017			2027		
2018			2028		
2019			2029		
2020			2030		
2021			2031		
2022			2032		
2023			2033		
2024			2034		
2025			2035		
2026			2036		

(c) Interest shall accrue and be paid on each Certificate, respectively, until the payment of the principal amount thereof shall have been paid or provided for, from the later of the date of their delivery to the Purchasers (the “Delivery 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 May 1 and November 1 of each year, commencing on November 1, 2016, until maturity or prior redemption. Interest on the Certificates shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

Section 3.03. Medium, Method and Place of Payment.

(a) The principal of, premium, if any, and interest on the Certificates shall be paid in lawful money of the United States of America as provided in this Section.

(b) Interest on the Certificates shall be payable to the Owners whose names appear 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 30 days thereafter, a new record date for such interest payment (a “Special Record Date”) will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the “Special Payment Date,” which shall be at least 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each Owner of a Certificate appearing on the

books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

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

(d) The principal of each Certificate shall be paid to the person in whose name such Certificate is registered on the due date thereof (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Certificate at the Designated Payment/Transfer Office.

(e) If a date for the payment of the principal of or interest on the Certificates is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

Section 3.04. Execution and Initial Registration.

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

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

(c) Except as provided below, no Certificate shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Ordinance, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the

Certificate of Paying Agent/Registrar on all of the Certificates. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Certificate delivered on the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Ordinance, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Certificate has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) On the Closing Date, one Initial Certificate representing the entire principal amount of the Certificates, payable in stated installments to the initial purchaser or its designee, executed by manual or facsimile signature of the Mayor and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the Purchaser or its designee. Upon payment for the Initial Certificate, the Paying Agent/Registrar shall cancel the Initial Certificate and deliver to DTC on behalf of the Purchaser registered definitive Certificates as described in Section 3.10(a).

Section 3.05. Ownership.

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

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

Section 3.06. Registration, Transfer and Exchange.

(a) So long as any Certificates 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 Certificates in accordance with this Ordinance.

(b) The ownership of a Certificate may be transferred only upon the presentation and surrender of the Certificate 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. No transfer of any Certificate shall be effective until entered in the Register.

(c) The Certificates shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar for a

Certificate or Certificates of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Certificates presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Certificates exchanged for other Certificates in accordance with this Section.

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

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

(f) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Certificate 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 shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Certificate.

Section 3.07. Cancellation and Authentication.

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

Section 3.08. Temporary Certificates.

(a) Following the delivery and registration of the Initial Certificate and pending the preparation of definitive Certificates, 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 Certificates that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Certificates 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 Certificates may determine, as evidenced by their signing of such temporary Certificates.

(b) Until exchanged for Certificates in definitive form, such Certificates 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 Certificates in definitive form; thereupon, upon the presentation and

surrender of the Certificate or Certificates in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Certificates in temporary form and authenticate and deliver in exchange therefor a Certificate or Certificates of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Certificate or Certificates in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Certificates.

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

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

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

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

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

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

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

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

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

Section 3.10. Book-Entry Only System.

(a) The definitive Certificates shall be initially issued in the form of a separate single fully registered Certificate for each of the maturities thereof. Upon initial issuance, the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Certificates, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Certificates. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Register as the absolute Owner of such Certificate for the purpose of payment of principal of, premium, if any, and interest on the Certificates, for the purpose of giving notices of redemption and other matters with respect to such Certificate, for the purpose of registering transfer with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Certificates only to or upon the order of the respective Owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of, premium, if any, and interest on the Certificates to the extent of the sum or sums so paid. No person other than an Owner, as shown in the register, shall receive a certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

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

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, and that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, or in the event DTC discontinues the services described herein, the City 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, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts, as identified by DTC. In such event, the Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

Section 3.12. Payments to Cede & Co.

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

ARTICLE IV

REDEMPTION OF CERTIFICATES BEFORE MATURITY

Section 4.01. Limitation on Redemption.

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

Section 4.02. Optional Redemption.

(a) The City reserves the option to redeem Certificates maturing on and after May 1, 2027, in whole or any part, in principal amounts equal to \$5,000 or any integral multiple thereof, before their respective scheduled maturity dates, on May 1, 2026 or on any date thereafter, such redemption date or dates to be fixed by the City, at a redemption price equal to the principal amount of the Certificates called for redemption plus accrued interest to the date fixed for redemption.

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

Section 4.03. [Reserved].

Section 4.04. Partial Redemption.

(a) If less than all of the Certificates are to be optionally redeemed pursuant to Section 4.02, the City shall determine the maturity or maturities and the amounts thereof to be redeemed. If less than all of the Certificates of a maturity or maturities are to be redeemed, the City will direct the Paying Agent/Registrar to call such Certificates within such maturity or maturities by lot, or by such other method that results in a random selection.

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

(c) Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Certificate or Certificates in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered, such exchange being without charge.

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

Section 4.05. Notice of Redemption to Owners.

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

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

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

Section 4.06. 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 Certificates 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 Certificates being redeemed.

(b) Upon presentation and surrender of any Certificate 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 Certificate 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, the Certificates 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 Certificates or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Certificates 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 Certificate or portion thereof called for redemption shall continue to bear interest at the rate stated on the Certificate until due provision is made for the payment of same by the City.

Section 4.08. Conditional Notice of Redemption.

The City reserves the right, in the case of an optional redemption pursuant to Section 4.02 herein, to give notice of its election or direction to redeem Certificates conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Certificates subject to conditional redemption and such redemption has been rescinded shall remain Outstanding and the rescission of such redemption shall not constitute an Event of Default. Further, in the case of a conditional redemption, the failure of the City to make moneys and or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

Section 4.09. Lapse of Payment.

Money set aside for the redemption of the Certificates and remaining unclaimed by Owners thereof shall be subject to the provisions of Section 3.03(f) hereof.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

The Bank of New York Mellon Trust Company, National Association, Dallas, Texas, is hereby appointed as the initial Paying Agent/Registrar for the Certificates.

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 Certificates.

Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any Certificates are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 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 to and hereby approved by the City Council. The signature of the Mayor shall be attested to 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.

Section 5.04. Termination.

The City, upon not less than 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 Certificates.

Section 5.05. Notice of Change.

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

ARTICLE VI

FORM OF THE CERTIFICATES

Section 6.01. Form Generally.

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

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

(c) The Certificates, including the Initial Certificate submitted to the Attorney General of Texas and any temporary Certificates, shall be typed, printed, lithographed, photocopied or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Certificates, as evidenced by their execution thereof.

Section 6.02. Form of Certificates.

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

(a) [Form of Certificate]

REGISTERED
No. _____

REGISTERED
\$ _____

United States of America
State of Texas

CITY OF FARMERS BRANCH, TEXAS
COMBINATION TAX AND REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2016

<u>INTEREST RATE</u>	<u>MATURITY DATE</u>	<u>DELIVERY DATE</u>	<u>CUSIP NO.</u>
_____ %	May 1, _____	June 2, 2016	_____

The City of Farmers Branch (the "City") in the County of 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 Certificate shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provision for such payment shall have been made, and to pay interest on the unpaid principal amount hereof from the later of the Delivery 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 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 May 1 and November 1 of each year, commencing November 1, 2016.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office"), of The Bank of New York Mellon Trust Company, National Association as initial Paying Agent/Registrar, or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Certificate is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to

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

If a date for the payment of the principal of or interest on the Certificates is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Certificate is dated December 1, 2015 and 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 "Certificates") pursuant to a certain ordinance of the City Council of the City (the "Ordinance") for the public purpose of providing funds for authorized public improvements for and within the City, as provided in the Ordinance, and to pay the costs of issuance related to the Certificates.

The Certificates and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, within the limit prescribed by law, against all taxable property in the City and from a pledge of certain surplus revenues (not to exceed \$1,000) of the City's Waterworks and Sewer System, all as described and provided in the Ordinance.

The City has reserved the option to redeem the Certificates maturing on or after May 1, 2027, in whole or part, in principal amount equal to \$5,000 or any integral multiple thereof, before their respective scheduled maturity dates, on May 1, 2026, or on any date thereafter, at a price equal to the principal amount of the Certificates so called for redemption plus accrued interest to the date fixed for redemption. If less than all of the Certificates are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Certificates, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption.

Notice of such redemption or redemptions shall be given by first class mail, postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Certificates to be redeemed in whole or in part. Notice having been so given, the Certificates or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice; from and after such date, notwithstanding that any of

the Certificates or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Certificates or portions thereof shall cease to accrue.

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

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

Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Certificate called for redemption where such redemption is scheduled to occur within 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 Certificate.

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

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Certificate 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 Certificates have been properly done and performed and have happened in regular and due time, form, and manner as required by law; 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 Certificates within the limit prescribed by law; that, in addition to said taxes, further provisions have been made for the payment of the debt

service requirements of the Certificates by pledging to such purpose, a limited amount of the Surplus Revenues, as defined in the Ordinance, derived by the City from the operation of the waterworks and sewer system; that when so collected, such taxes and Surplus Revenues shall be appropriated to such purposes; and that the total indebtedness of the City, including the Certificates, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, this Certificate has been duly executed on behalf of the City, under its official seal, in accordance with law.

City Secretary,
City of Farmers Branch, Texas

Mayor
City of Farmers Branch, Texas

[SEAL]

(b) Form of Comptroller’s Registration Certificate.

The following Comptroller’s Registration Certificate may be deleted from the definitive Certificates if such Certificate on the Initial Certificate 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 Certificate 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 said Certificate 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 Certificate if the Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

This is one of the Certificates referred to in the within mentioned Ordinance. The series of Certificates of which this Certificate is a part was originally issued as one Initial Certificate which was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

THE BANK OF NEW YORK MELLON
TRUST COMPANY, NATIONAL
ASSOCIATION
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signature

(d) Form of Assignment.

ASSIGNMENT

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

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

Date: _____

Signature Guaranteed By:

Authorized Signatory

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

(e) Initial Certificate Insertions.

(i) The Initial Certificate shall be in the form set forth in paragraph (a) of this Section, except that:

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

(iii) in the first paragraph:

the words “on the Maturity Date specified above” shall be deleted and the following will be inserted: “on May 1 in the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

<u>Years</u>	<u>Principal Installments</u>	<u>Interest Rates</u>
--------------	-------------------------------	-----------------------

(Information to be inserted from Section 3.02(b) hereof).

(iv) the Initial Certificate shall be numbered T-1.

Section 6.03. CUSIP Registration.

The City may secure identification numbers through the CUSIP Services Bureau managed by Standard & Poor’s Financial Services LLC on behalf of the American Bankers Association, and may authorize the printing of such numbers on the face of the Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Certificates.

Section 6.04. Legal Opinion.

The approving legal opinion of Bracewell LLP, Bond Counsel, may be printed on each Certificate over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 6.05. Municipal Bond Insurance.

If municipal bond guaranty insurance is obtained with respect to the Certificates, the Certificates, including the Initial Certificate, may bear an appropriate legend, as provided by the insurer. To the extent permitted by applicable law, the City will comply with all notice and other applicable requirements of the insurer in connection with the issuance of the Certificates, as such requirements may be in effect and transmitted to the City with the insurer’s commitment to issue such insurance.

ARTICLE VII

SALE OF THE CERTIFICATES; CONTROL AND DELIVERY OF THE CERTIFICATES

Section 7.01. Sale of Certificates; Official Statement; Engagement Letter.

(a) The Certificates, having been duly advertised and offered for sale at competitive bid, are hereby officially sold and awarded to _____ (the "Purchaser") for a purchase price equal to the principal amount thereof plus a cash premium of \$_____, being the bid which produced the lowest true interest cost to the City. The Initial Certificate shall be registered in the name of the Purchaser or its designee.

(b) The form and substance of the Notice of Sale for the Certificates, the Preliminary Official Statement for the Certificates and any addenda, supplement or amendment thereto (the "Preliminary Official Statement") 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 of the City is hereby authorized and directed to execute the Official Statement and deliver appropriate numbers of copies thereof to the Purchaser. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the Mayor of the City, City Manager or Managing Director, Finance & Administration and the Purchaser, may be used by the Purchaser in the public offering of the Certificates and sale thereof. The City Secretary of the City is hereby authorized and directed to include and maintain a copy of the Preliminary Official Statement and 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 Notice of Sale for the Certificates and the Preliminary Official Statement in the public offering of the Certificates is hereby ratified, approved and confirmed.

(c) All officers of the City are authorized to execute such documents, Certificates and receipts as they may deem appropriate in order to consummate the delivery of the Certificates in accordance with the terms of sale therefor. Further, in connection with the submission of the record of proceedings for the Certificates to the Attorney General of the State of Texas for examination and approval of such Certificates, the appropriate officer of the City is hereby authorized and directed to issue a check of the City payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code (such amount to be the lesser of (i) 1/10th of 1% of the principal amount of the Certificates or (ii) \$9,500).

(d) The obligation of the Purchasers to accept delivery of the Certificates is subject to the Purchasers being furnished with the final, approving opinion of Bracewell LLP, Bond Counsel for the City, which opinion shall be dated as of and delivered on the Closing Date.

Section 7.02. Control and Delivery of Certificates.

(a) The Mayor is hereby authorized to have control of the Initial Certificate and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State 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, delivery of the Certificates shall be made to the Purchasers 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.

ARTICLE VIII

CREATION OF FUNDS AND ACCOUNTS;
DEPOSIT OF PROCEEDS; INVESTMENTS

Section 8.01. Creation of Funds.

(a) The City hereby establishes the following special funds or accounts:

(i) The City of Farmers Branch, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016, Interest and Sinking Fund; and

(ii) The City of Farmers Branch, Texas Combination Tax and Revenue Certificates of Obligation, Series 2016, Project Fund.

(b) Each of said funds or accounts shall be maintained at an official depository of the City.

Section 8.02. Interest and Sinking Fund.

(a) The taxes levied under Section 2.01 shall be deposited to the credit of the Interest and Sinking Fund at such times and in such amounts as necessary for the timely payment of the principal of and interest on the Certificates.

(b) If the amount of money in the Interest and Sinking Fund is at least equal to the aggregate principal amount of the outstanding Certificates plus the aggregate amount of interest due and that will become due and payable on such Certificates, no further deposits to that fund need be made.

(c) Money on deposit in the Interest and Sinking Fund shall be used to pay the principal of and interest on the Certificates as such become due and payable.

Section 8.03. Project Fund.

(a) Money on deposit in the Project Fund, including investment earnings thereof, shall be used for the purposes specified in Section 3.01 of this Ordinance.

(b) All amounts remaining in the Project Fund after the accomplishment of the purposes for which the Certificates are hereby issued, including investment earnings of the Project Fund, shall be deposited into the Interest and Sinking Fund.

Section 8.04. Security of Funds.

All moneys on deposit in the funds referred to in this Ordinance 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 8.05. Deposit of Proceeds.

(a) \$_____ of the proceeds of the Certificates received on the Closing Date, representing \$_____ of principal and \$_____ of premium generated on the Certificates, shall be deposited to the Project Fund, such moneys to be dedicated and used for the purposes specified in Section 3.01(a).

(b) \$_____ of premium generated on the Certificates shall be used to pay the cost of issuance of the Certificates. Any amounts remaining after payment of such costs shall be deposited in the Interest and Sinking Fund.

Section 8.06. Investments.

(a) Money in the Interest and Sinking Fund and the Project Fund, at the option of the City, may be invested in such securities or obligations as permitted under applicable law.

(b) Any securities or obligations in which money 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 fund from which the investment was made.

Section 8.07. Investment Income.

Interest and income derived from investment of any fund created by this Ordinance shall be credited to such fund.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Certificates.

On or before each Interest Payment Date for the Certificates and while any of the Certificates 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, redemption premium, if any, and interest on the Certificates as will accrue or mature on the applicable Interest Payment Date, maturity date and, if applicable, on a date of prior redemption.

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 Certificate; the City will promptly pay or cause to be paid the principal of, interest on, and premium, if any, with respect to, each Certificate on the dates and at the places and manner prescribed in such Certificate; and the City will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

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

Section 9.03. Provisions Concerning Federal Income Tax Exclusion.

The City intends that the interest on the Certificates be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Code and the applicable Treasury Regulations promulgated thereunder (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 Certificates to be includable in 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 sections 103 and 141 through 150 of the Code and the applicable Regulations. In particular, the City covenants and agrees to comply with each requirement of Sections 9.03 through 9.14, inclusive; provided, however, that the City will not be required to comply with any particular requirement of Sections 9.03 through 9.14, inclusive, if the City has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates or (ii) compliance with some other requirement 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 Sections 9.03 through 9.14, inclusive.

Section 9.04. 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 Certificates, including interest or other investment income derived from Certificate proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Certificates 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 Certificates are delivered, the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be “private activity bonds” within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

Section 9.05. No Federal Guaranty.

The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Certificates to be “federally guaranteed” within the meaning of section 149(b) of the Code and the applicable Regulations promulgated thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

Section 9.06. No Hedge Bonds.

The City covenants and agrees not to take any action, or knowingly omit to take any action, within its control, that, if taken or omitted, respectively, would cause the Certificates to be “hedge bonds” within the meaning of section 149(g) of the Code and the applicable Regulations promulgated thereunder.

Section 9.07. No Arbitrage.

The City covenants and agrees that it will make such use of the proceeds of the Certificates, including interest or other investment income derived from Certificate proceeds, regulate investments of proceeds of the Certificates, and take such other and further action as may be required so that the Certificates will not be “arbitrage bonds” within the meaning of section 148(a) of the Code and the 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 Certificates are delivered, that the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be “arbitrary bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

Section 9.08. 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 Certificates (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the City will (i) maintain records regarding the

investment of the gross proceeds of the Certificates as may be required to calculate the amount earned on the investment of the gross proceeds of the Certificates separately from records of amounts on deposit in the funds and accounts of the City allocable to other Certificate issues of the City or moneys that do not represent gross proceeds of any bond issues 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 Certificates that is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Certificates, or on such other dates as may be permitted under 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 Certificates that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

Section 9.09. Information Reporting.

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

Section 9.10. Record Retention.

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

Section 9.11. Registration.

The Certificates will be issued in registered form.

Section 9.12. Deliberate Actions.

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

Section 9.13. Qualified Tax-Exempt Obligations.

The City hereby designates the Bonds as “qualified tax-exempt obligations” for purposes of section 265(b) of the Code. In connection therewith, the City represents (a) that the aggregate amount of tax-exempt obligations issued by the City during calendar year 2016, including the Certificates, that have been designated as “qualified tax-exempt obligations” under section 265(b)(3) of the Code does not exceed \$10,000,000, and (b) that the reasonably anticipated amount of tax-exempt obligations that will be issued by the City during calendar year 2016, including the Certificates, will not exceed \$10,000,000. For purposes of this Section 9.13, the term “tax-exempt obligation” does not include “private activity bonds” within the meaning of section 141 of the Code, other than “qualified 501(c)(3) bonds” within the meaning of section 145 of the Code. In addition, for purposes of this Section 9.13, the City includes all entities that are aggregated with the City under section 265(b) of the Code.

Section 9.14. Continuing Obligation.

Notwithstanding any other provision of this Ordinance, the City’s obligations under the covenants and provisions of Sections 9.03 through 9.14, inclusive, shall survive the defeasance and discharge of the Certificates for as long as such matters are relevant to the exclusion from gross income of interest on the Certificates 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,” to-wit:

- (a) the failure to make payment of the principal of, redemption premium, if any, or interest on any of the Certificates when the same becomes due and payable; or
- (b) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, 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 30 days after notice of such default is given by any Owner to the City; or
- (c) An order of relief shall be issued by the Bankruptcy Court of the United States District Court having jurisdiction, granting the City any relief under any Applicable Law, or any other court having valid jurisdiction shall issue an order or decree under applicable federal or state law providing for the appointment of a receiver, liquidator, assignee, trustee, sequestrator, or other similar official for the City of any substantial part of its property, affairs or assets, and the continuance of any such decree or order unstayed and in effect for a period of 90 consecutive days.

Section 10.02. Remedies for Default.

(a) Upon the happening of any Event of Default, then and in every case 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 Certificates 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 Certificates 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 Certificates 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 City reserves the right to defease, discharge or refund the Certificates 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, (1) within six months after the end of each fiscal year of the City, financial information and operating data with respect to the City of the general type included in the final Official Statement, being information described in the Appendix A as Tables numbered 1 through 6 and 8 through 15, including financial statements of the City if audited financial statements of the City are then available, and (2) if not provided as part such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements to be provided shall be (i) prepared in accordance with

the accounting principles appended to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (ii) audited, if the City commissions an audit of such financial statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the City shall file unaudited financial statements within such 12-month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available.

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

(c) All financial information, operating data, financial statements, and notices required by this Section to be provided to the MSRB shall be provided in an electronic format and be accompanied by identifying information prescribed by the MSRB. Financial information and operating data to be provided pursuant to 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) available to the public on the MSRB's Internet Web site or filed with the SEC.

Section 12.02. Notice of Certain Events.

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment 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 Certificates, or other material events affecting the tax status of the Certificates;
- (vii) Modifications to rights of the holders of the Certificates, if material;
- (viii) Certificate calls, if material, and tender offers;
- (ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the Certificates, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the City;

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

(xiii) 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

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

(b) The City shall provide to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, notice of a failure by the City to provide required annual financial information and notices of material events in accordance with Section 12.01 and section (a) above. All documents provided to the MSRB pursuant to this section shall be accompanied by identifying information, as prescribed by the MSRB, and will be available via EMMA at www.emma.msrb.org.

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 Certificates 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 Certificates no longer to be Outstanding.

(b) The provisions of this Article are for the sole benefit of the Owners and beneficial owners of the Certificates, and nothing in this Article, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and

notices which it has expressly agreed to provide pursuant to this Article and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Article or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR 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 a Purchaser to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (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 Certificates consent to such amendment or (B) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Certificates. 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 12.01 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

Section 13.01. Amendments.

This Ordinance shall constitute a contract with the Owners, be binding on the City, and shall not be amended or repealed by the City so long as any Certificate remains outstanding

except as permitted in this Section. The City may, without consent of or notice to any Owners, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of the Owners of the Certificates holding a majority in aggregate principal amount of the Certificates then outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Owners of outstanding Certificates, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Certificates, 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 or interest on the Certificates, (ii) give any preference to any Certificate over any other Certificate, or (iii) reduce the aggregate principal amount of Certificates required to be held by Owners for consent to any such amendment, addition, or rescission.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Changes to Ordinance.

The Mayor, City Manager and Managing Director, Finance & Administration, in consultation with Bond Counsel, are each hereby authorized to make changes to the terms of this Ordinance if necessary or desirable to carry out the purposes hereof or in connection with the approval of the issuance of the Certificates by the Attorney General of Texas.

Section 14.02. Partial Invalidity.

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

Section 14.03. No Personal Liability.

No recourse shall be had for payment of the principal of or interest on any Certificates or for any claim based thereon, or on this Ordinance, against any official or employee of the City or any person executing any Certificates.

ARTICLE XV

EFFECTIVE IMMEDIATELY

Section 15.01. Effectiveness.

This Ordinance shall become effective immediately upon its adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

APPROVED this _____ day of May, 2016.

Mayor, City of Farmers Branch, Texas

ATTEST:

City Secretary, City of Farmers Branch, Texas

APPROVED AS TO FORM:

City Attorney, City of Farmers Branch, Texas

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 audited financial statements of the City for the most recently concluded fiscal year.
2. Statistical and financial data set forth in Tables 1-6 and 8-15 in the Official Statement.

Accounting Principles

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements set forth in Appendix B to the Official Statement.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. 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.



PRELIMINARY OFFICIAL STATEMENT

Dated _____, 2016

Ratings:
S&P: Applied for
Fitch: Applied for
See "Other Information – Ratings" herein

In the opinion of Bond Counsel, under existing law interest on the Certificates is excludable from gross income for federal income tax purposes and the Certificates are not "private activity bonds." See "Tax Matters – Tax Exemption" herein for a discussion of the opinion of Bond Counsel, including a description of alternative minimum tax consequences for corporations.

THE CERTIFICATES WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

\$2,600,000*

**CITY OF FARMERS BRANCH, TEXAS
(Dallas County)**

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016

Dated Date: Date of Delivery

Due: May 1, as shown on Page 2

Interest to Accrue From Date of Delivery

PAYMENT TERMS . . . Interest on the \$2,600,000* City of Farmers Branch, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016 (the "Certificates") will accrue the date of the initial delivery of the Certificates and will be payable May 1 and November 1 of each year commencing November 1, 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 Certificates 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 Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. **No physical delivery of the Certificates will be made to the owners thereof.** Principal of and interest on the Certificates 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 Certificates. See "The Certificates - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, Dallas, Texas (see "The Certificates - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE . . . The Certificates are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an ordinance to be adopted by the City Council of the City (the "Ordinance") and constitute direct obligations of the City of Farmers Branch, Texas (the "City"), payable from a combination of (i) the levy and collection of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge, in an amount not to exceed \$1,000, of the Surplus Revenues of the City's Waterworks and Sewer System (the "System") as provided in the Ordinance (see "The Certificates - Authority for Issuance").

PURPOSE . . . Proceeds from the sale of the Certificates will be used (i) for designing, constructing, reconstructing, improving, renovating, expanding, equipping and furnishing police facilities and acquiring police equipment and supporting systems, including improvements to the Farmers Branch Justice Center, and the acquisition of land therefor (the "Project") and (ii) for paying the costs associated with the issuance of the Certificates.

CUSIP PREFIX: 309495
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY . . . The Certificates are offered for delivery when, as and if issued and received by the Initial Purchaser (the "Initial Purchaser") and subject to the approving opinion of the Attorney General of Texas and the opinion of Bracewell LLP, Bond Counsel, Dallas, Texas (see Appendix C – Form of Bond Counsel's Opinion").

DELIVERY . . . It is expected that the Certificates will be available for delivery through DTC on June 2, 2016.

BIDS DUE TUESDAY, MAY 3, 2016 AT 10:00 A.M. CDT

* Preliminary, subject to change. The City reserves the right to adjust the principal amount of the Certificates shown on the Maturity Schedule on page 2.

MATURITY SCHEDULE*

<u>1-May Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Initial Price or Yield</u>	<u>CUSIP Suffix⁽¹⁾</u>
2017	\$ 115,000			
2018	110,000			
2019	115,000			
2020	115,000			
2021	115,000			
2022	115,000			
2023	120,000			
2024	120,000			
2025	125,000			
2026	125,000			
2027	130,000			
2028	130,000			
2029	135,000			
2030	135,000			
2031	140,000			
2032	145,000			
2033	145,000			
2034	150,000			
2035	155,000			
2036	160,000			

(Interest Accrues from 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 S&P Capital IQ 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 Initial Purchaser shall be responsible for the selection or correctness of the CUSIP numbers shown herein.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after May 1, 2027, in whole or in part in principal amounts of \$5,000 or integral multiple thereof, on May 1, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “The Certificates - Optional Redemption”).

MANDATORY SINKING FUND REDEMPTION . . . In the event any of the Certificates are structured by the Initial Purchaser as “term” Certificates, such term Certificates will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Certificate, which provisions will be included in the final Official Statement.

* Preliminary, subject to change. The City reserves the right to adjust the principal amount of the Certificates shown on the Maturity Schedule above.

For purpose of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, this document, as the same may be supplemented or corrected from time to time, may be treated as an Official Statement with respect to the Certificates described herein deemed “final” by the City as of the date hereof (or of any supplement or correction) except for the omission of no more than the information provided by Subsection (b)(1) of Rule 15c2-12.

This Official Statement, which includes the cover pages and the 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, salesman or other person has been authorized by the City to give any information, or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City. This Official Statement does not constitute an offer to sell Certificates in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the City and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor. 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 CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NEITHER THE CITY NOR ITS FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY OR ITS BOOK-ENTRY-ONLY SYSTEM, AS SUCH INFORMATION HAS BEEN FURNISHED BY THE DEPOSITORY TRUST COMPANY.

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.

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer of sale of the Certificates is to be construed as constituting an agreement with the purchasers of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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The cover page hereof, this page, 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 Certificates 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 Farmers Branch (the “City”) is a political subdivision and home rule municipal corporation of the State, located in Dallas County, Texas. The City covers approximately 12.1 square miles (see “Introduction - Description of the City”).
- THE CERTIFICATES** The \$2,600,000* Combination Tax and Revenue Certificates of Obligation, Series 2016 are issued as serial certificates maturing 2017 through 2036, inclusive, unless the Initial Purchaser designates one or more maturities as a Term Certificate (see “The Certificates - Description of the Certificates” and “The Certificates – Optional Redemption”).
- PAYMENT OF INTEREST** Interest on the Certificates accrues from the date of the initial delivery of the Certificates, and is payable November 1, 2016, and each May 1 and November 1 thereafter until maturity or prior redemption (see “The Certificates - Description of the Certificates” and “The Certificates – Optional Redemption”).
- AUTHORITY FOR ISSUANCE**..... The Certificates are issued pursuant to the general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an Ordinance to be adopted by the City Council of the City (see “The Certificates - Authority for Issuance”).
- SECURITY FOR THE CERTIFICATES**..... The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge, in an amount not to exceed \$1,000, of Surplus Revenues of the Waterworks and Sewer System of the City (see “The Certificates - Security And Source Of Payment”).
- QUALIFIED TAX-EXEMPT OBLIGATIONS** The City will designate the Certificates as “qualified tax-exempt obligations” for financial institutions.
- REDEMPTION** The City reserves the right, at its option, to redeem Certificates having stated maturities on and after May 1, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on May 1, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see “The Certificates – Optional Redemption”). Additionally, the Certificates may be subject to mandatory redemption in the event the Initial Purchaser elects to aggregate one or more maturities as a Term Certificate (see “The Certificates – Mandatory Sinking Fund Redemption”).
- TAX EXEMPTION** In the opinion of Bond Counsel, under existing law interest on the Certificates is excludable from gross income for federal income tax purposes and the Certificates are not “private activity bonds.” See “Tax Matters - Tax Exemption” for a discussion of the opinion of Bond Counsel including a description of alternative minimum tax consequences for corporations.
- USE OF PROCEEDS** Proceeds from the sale of the Certificates will be used (i) for designing, constructing, reconstructing, improving, renovating, expanding, equipping and furnishing police facilities and acquiring police equipment and supporting systems, including improvements to the Farmers Branch Justice Center, and the acquisition of land therefor (the “Project”) and (ii) for paying the costs associated with the issuance of the Certificates.
- RATINGS** The presently outstanding tax-supported debt of the City is rated “AA+” by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (“S&P”) and “AA+” by Fitch Ratings, Inc. (“Fitch”), without regard to credit enhancement (see “Other Information - Ratings”). Applications have been made to S&P and Fitch for contract ratings on the Certificates.

*Preliminary, subject to change. The City reserves the right to adjust the principal amount of the Certificates shown on the Maturity Schedule on page 2.

BOOK-ENTRY-ONLY

SYSTEM The definitive Certificates 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 Certificates may be acquired in denominations of \$5,000 or integral multiples thereof. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of and interest on the Certificates 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 Certificates (see "The Certificates - Book-Entry-Only System").

PAYMENT RECORD The City has never defaulted in payment of its general obligation tax debt.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended	Estimated City Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Per Capita Taxable Assessed Valuation	General Obligation (G.O.) Tax Debt ⁽³⁾	Per Capita G. O. Tax Debt ⁽³⁾	Ratio G.O. Tax Debt to Taxable Assessed Valuation ⁽³⁾	% of Total Tax Collections
2012	28,620	\$ 3,631,789,854	\$ 126,897	\$ 21,145,000	\$ 739	0.58%	99.65%
2013	28,800	3,688,232,621	128,064	29,045,000	1,009	0.79%	99.71%
2014	29,660	3,845,391,617	129,649	42,720,000	1,440	1.11%	99.72%
2015	30,350	4,216,240,665	138,921	39,720,000	1,309	0.94%	98.13%
2016	30,350	4,539,598,200	149,575	39,220,000 ⁽⁴⁾	1,292 ⁽⁴⁾	0.86% ⁽⁴⁾	95.21% ⁽⁵⁾

(1) Based on North Central Texas Council of Governments original population estimates.

(2) As reported by the Dallas Central Appraisal District on the City's Annual State Property Tax Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt of the City (see Tables 1 and 10 for a description of the City's self-supporting debt).

(4) Includes the Certificates. Preliminary, subject to change.

(5) Collections as of March 31, 2016.

GENERAL FUND CONSOLIDATED STATEMENT SUMMARY

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
Beginning Balance	\$ 11,339,156	\$ 12,007,878	\$ 11,599,826	\$ 11,645,599	\$ 8,628,224
Total Revenue	48,198,308	45,595,717	44,408,266	42,619,016	43,436,775
Total Expenditures	51,096,794	49,938,574	48,575,095	48,184,093	45,067,962
Net Transfers	4,275,508	3,674,135	4,574,881	5,519,304	4,648,562
Ending Balance	<u>\$ 12,716,178</u>	<u>\$ 11,339,156</u>	<u>\$ 12,007,878</u>	<u>\$ 11,599,826</u>	<u>\$ 11,645,599</u>

For additional information regarding the City, please contact:

Charles S. Cox
Interim City Manager
Managing Director - Finance & Administration or
City of Farmers Branch, Texas
City Hall Plaza
13000 William Dodson Parkway
Farmers Branch, TX 75234
(972) 919-2518

W. Boyd London, Jr.
Marti Shew
FirstSouthwest, a Division of Hilltop Securities Inc.
1201 Elm Street
Suite 3500
Dallas, Texas 75270
(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>
Bob Phelps Mayor	22 Years ⁽¹⁾	May 2017	Retired Insurance Agent
Ana Reyes Councilmember - Place 1	2 Years	May 2016	District Manager for Texas State Representative Rafael Anchia
Harold Froehlich Deputy Mayor Pro Tem - Place 2	7 Years	May 2017	Banking
John Norwood Mayor Pro Tem - Place 3	10 Months	May 2018	College Professor
Kirk Connally Mayor Pro Tem - Place 4	2 Years	May 2016	Retired
Mike Bomgardner Councilmember - Place 5	10 Months	May 2018	Business Owner: Sales/Marketing

(1) Length of service has not been consecutive due to term limits.

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Years of Service</u>
Charles S. Cox	Interim City Manager ⁽¹⁾	23 Years
Amy Piukana	City Secretary	1 Years
Tom Bryson	Communications Director	17 Years
Andy Gillies	Community Services Director	9 Years
John Land	Managing Director - External Operations	7 Years
Kevin Muenchow	Fleet & Facilities Management Director	9 Years
Charles S. Cox	Managing Director - Finance & Administration	23 Years
Steve Parker	Fire Chief	16 Years
Jeff Harting	Parks & Recreation Director	31 Years
Sid Fuller	Police Chief	10 Years
Randy Walhood	Public Works Director	15 Years
Brian Beasley	Human Resources Director	3 Years
Mark Samuels	Information Services Director	4 Years

(1) Appointed as Interim City Manager on _____.

CONSULTANTS AND ADVISORS

Auditors Grant Thornton L.L.P.
Dallas, Texas

Bond Counsel Bracewell LLP
Dallas, Texas

Financial Advisor..... FirstSouthwest, a Division of Hilltop Securities Inc.
Dallas, Texas

PRELIMINARY OFFICIAL STATEMENT

RELATING TO

\$2,600,000*

CITY OF FARMERS BRANCH, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$2,600,000* City of Farmers Branch, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2016 (the "Certificates"). Except as otherwise indicated herein, capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance to be adopted on the date of sale of the Certificates which will authorize the issuance of the Certificates (the "Ordinance").

All financial and other information presented in this Official Statement has been provided by the City from its records, except for information expressly attributed to other sources. The presentation of information, including tables of receipts from taxes and other sources, is intended to show recent historic information and is not intended to indicate future or continuing trends in the financial position or other affairs of the City. No representation is made that past experience, as is shown by that financial and other information, will necessarily continue or be repeated in the future (see "Other Information - Forward-Looking Statements Disclaimer").

There follows in this Official Statement descriptions of the Certificates 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, FirstSouthwest, a Division of Hilltop Securities Inc., Dallas, Texas ("FirstSouthwest").

DESCRIPTION OF THE CITY . . . The City is a political subdivision and home rule municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1946, and first adopted its Home Rule Charter in 1956. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and five Councilmembers. The term of office is three years with the terms of two members expiring every year. The City Manager is the Chief Executive Officer for the City. Some of the services that the City provides are: public safety (police and fire protection), streets, water and sanitary sewer utilities, health and social services, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2010 U.S. Census population for the City was 28,616, while the estimated 2016 population is 30,350. The City covers approximately 12.1 square miles.

THE CERTIFICATES

DESCRIPTION OF THE CERTIFICATES . . . The Certificates are dated as of the delivery date, and mature on May 1 in each of the years and in the amounts shown on page 2 hereof. Interest will accrue from the date of their initial delivery to the Initial Purchaser, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on May 1 and November 1, commencing November 1, 2016, until maturity or prior redemption. The definitive Certificates 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 Certificates will be made to the owners thereof.** Principal of and interest on the Certificates 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 Certificates. See "The Certificates - Book-Entry-Only System" herein.

AUTHORITY FOR ISSUANCE . . . The Certificates are being issued pursuant to the Constitution and general laws of the State of Texas, particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and the Ordinance.

SECURITY AND SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City and are payable from and secured by a combination of (i) the levy and collection of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge, in the amount not to exceed \$1,000, of Surplus Revenues of the Waterworks and Sewer System of the City as provided in the Ordinance.

* Preliminary, subject to change. The City reserves the right to adjust the principal amount of the Certificates shown on the Maturity Schedule on page 2.

TAX RATE LIMITATION . . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for 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. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 minimum tax rate for all general obligation 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 Certificates having stated maturities on and after May 1, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on May 1, 2016, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (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.

MANDATORY SINKING FUND REDEMPTION . . . In the event any of the Certificates are structured as “term” Certificates, such term Certificates will be subject to mandatory sinking fund redemption in accordance with the applicable provisions of the Ordinance, which provisions will be included in the final Official Statement.

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

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

ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN AND SUBJECT, IN THE CASE OF AN OPTIONAL REDEMPTION, TO ANY RIGHTS OR CONDITIONS RESERVED BY THE CITY IN THE NOTICE, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE.

The Paying Agent/Registrar and the City, so long as a book-entry-only system is used for the Certificates will send any notice of redemption or other notices with respect to the Certificates only to DTC. Any failure by DTC to advise any DTC participant, or of any DTC participant or indirect participant to notify the beneficial owner, shall not affect the validity of the redemption of the Certificates called for redemption or any other action premised or any such notice.

Redemption of portions of the Certificates by the City will reduce the outstanding principal amount of such Certificates held by DTC. In such event, DTC may implement, through its book-entry-only system, a redemption of such Certificates held for the account of DTC participants in accordance with its rules or other agreements with DTC participants and then DTC participants and indirect participants may implement a redemption of such Certificates from the beneficial owners. Any such selection of Certificates to be redeemed will not be governed by the Ordinance and will not be conducted by the City or the Paying Agent/Registrar. Neither the City nor the Paying Agent/Registrar will have any responsibility to DTC participants, indirect participants or the persons for whom DTC participants act as nominees, with respect to the payments on the Certificates or the providing of notice to DTC participants, indirect participants, or beneficial owners of the selection of portions of the Certificates for redemption. See “The Certificates - Book-Entry-Only System” herein.

DEFEASANCE . . . The Ordinance provides that the City may discharge its obligations to the registered owners of any or all of the Certificates to pay principal, interest and redemption price thereon in any manner permitted by law. Under current State law, such discharge may be accomplished either (i) by depositing with the Comptroller of Public Accounts of the State a sum of money equal to the principal of, premium, if any, and all interest to accrue on the Certificates to maturity or redemption or (ii) by depositing with any place of payment (paying agent) for obligations of the City payable from revenues or from ad valorem taxes or both, amounts sufficient to provide for the payment and/or redemption of the Certificates; provided that such deposits may be invested and reinvested only in (a) direct 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 bonds, 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 Certificates. If any of such Certificates 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 Texas law, upon the making of a deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption or take any other action amending the terms of the Certificates are extinguished; provided, however, that the right to call the Certificates 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 Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates 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 Certificates. 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.

BOOK-ENTRY-ONLY SYSTEM . . . *This section describes how ownership of the Certificates is to be transferred and how the principal of and interest on the Certificates are to be paid to and accredited by DTC while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but take no responsibility for the accuracy or completeness thereof.*

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

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Certificates. The Certificates will be issued as fully-registered Certificates 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 certificate will be issued for each maturity of the Certificates, 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.

Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“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 Certificates 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 Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

To facilitate subsequent transfers, all Certificates 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 Certificates 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 Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates 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 Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates 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 Certificates 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 Certificates 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 Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

All payments on the Certificates 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 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 Certificates 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, the Paying Agent/Registrar, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. All payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) are 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 Certificates 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, certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.

Use of Certain Terms in Other Sections of this Official Statement . . . In reading this Official Statement it should be understood that while the Certificates 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 Certificates, 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, the Financial Advisor or the Initial Purchaser.

Effect of Termination of Book-Entry-Only System . . . In the event that the Book-Entry-Only System is discontinued by DTC or the use of the Book-Entry-Only System is discontinued by the City, printed Certificates will be issued to the holders and the Certificates will be subject to transfer, exchange and registration provisions as set forth in the Ordinance and summarized under “The Certificates - Transfer, Exchange and Registration” below.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, National Association, 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 Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Certificates. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of the Certificates 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; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Certificates, all payments will be made as described under “The Certificates - Book-Entry-Only System” herein. Interest on the Certificates 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 “The Certificates – 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 Certificates is a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the principal corporate trust 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 Certificates, payments of principal and interest on the Certificates will be made as described in “Book-Entry-Only System” herein.

TRANSFER, EXCHANGE AND REGISTRATION . . . In the event the Book-Entry-Only System should be discontinued, printed Certificates will be issued to the owners of the Certificates and thereafter the Certificates 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. Certificates may be assigned by the execution of an assignment form on the Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates 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 Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates 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 Certificates 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 Certificates surrendered for exchange or transfer. See “The Certificates - Book-Entry-Only System” herein for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

RECORD DATE FOR INTEREST PAYMENT . . . The record date (“Record Date”) for the interest payable on the Certificates on any interest payment date means the close of business on the fifteenth business day of the preceding month.

In the event of a non-payment 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 Holder of an Certificate 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.

CERTIFICATEHOLDERS’ REMEDIES . . . The Ordinance establishes as “events of default” (i) the failure to make payment of principal of or interest on any of the Certificates 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 Certificates 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 of or interest on any such Certificates, 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 Certificates 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 Certificates, the City is not using the authority provided by Chapter 1371 and has not waived sovereign immunity in the proceedings authorizing the Certificates.

The Ordinance does not provide for the appointment of a trustee to represent the interest of the holders of the Certificates 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 Certificateholders 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 Certificates are subject to the applicable provisions of the federal bankruptcy laws and any other similar laws affecting the rights of creditors of political subdivisions generally, and may be limited by general principles of equity which permit the exercise of judicial discretion.

SOURCES AND USES OF PROCEEDS . . . Proceeds from the sale of the Certificates are expected to be expended as follows:

SOURCES OF FUNDS

Principal Amount of Certificates	
Net Premium	
TOTAL SOURCES	<u>\$ -</u>

USES OF FUNDS

Deposit to Project Fund	
Cost of Issuance	
TOTAL USES	<u>\$ -</u>

TAX INFORMATION

AD VALOREM TAX LAW . . . The appraisal of property within the City is the responsibility of the Dallas Central Appraisal District (the "Appraisal District"). Except as described below, the Appraisal District is required under Title I, Texas Tax Code, as amended (the "Property Tax Code") to appraise all property within the Appraisal District 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 that would not exceed the lesser of (1) the property's market value in the most recent tax year in which the market value was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District 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 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.

Senate Joint Resolution 1 ("Senate Joint Resolution 1"), passed during the 84th Texas Legislature, proposed a constitutional amendment increasing the mandatory homestead exemption for school districts from \$15,000 to \$25,000 and requiring that the tax limitation for taxpayers who are age 65 and older or disabled be reduced to reflect the additional exemption. While Senate Joint Resolution 1 was not directly applicable to counties and municipalities, Senate Bill 1, which was also passed by the 84th Legislature, provided that if Senate Joint Resolution 1 was approved by the voters on November 3, 2015, then the governing body of a school district, municipality, or county would be prohibited from reducing the amount of or repealing an optional homestead exemption that was in place for the 2014 tax year (fiscal year 2015) for a period running through December 31, 2019. Senate Joint Resolution 1 was approved by voters on November 3, 2015, and therefore the prohibition is in effect.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant: (1) 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; (2) an exemption of no less than \$5,000 and up to 20% of the market value of residence homesteads.

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.

Under Article VIII and State law, the governing body of a county, municipality or junior college district may provide for a freeze on the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to

determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, the total amount of taxes imposed on such homestead cannot be increased except for improvements (other than maintenance, repairs or improvements required to comply with governmental requirements) and such freeze is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption 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. Once established such freeze cannot be repealed or rescinded. The City can make no representations or predictions concerning the impact such tax limitation would have on the City's tax rate, financial condition or ability to make debt service payments.

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; provided, however, that a disabled veteran who receives 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability from the United States Department of Veteran Affairs, or its successor, is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead; additionally, effective January 1, 2012, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied.

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.

State law provides that eligible owners of both agricultural land and open-space land, 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 as both agricultural and open-space land.

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.

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. Notwithstanding such exemption, counties, school districts, junior college districts and cities may tax such tangible personal property provided official action to tax the same was taken before April 1, 1990. 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." "Goods-in-transit" is defined by Section 11.253 of the Tax Code, as personal property acquired or imported into Texas and transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out-board motor, heavy equipment and manufactured housing inventory. Section 11.253 permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following tax year. A taxpayer may receive only one of the freeport exemptions or the goods-in-transit exemptions for items of personal property.

The City may create one or more tax increment financing districts ("TIF") within the City and freeze the taxable values of real property in the TIF at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIF may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIF in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIF. Taxes levied by the City against the values of real property in the TIF in excess of the "frozen" value are not available for general city use but are restricted to paying or financing "project costs" within the TIF. 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. The City has two tax increment financing zones for tax increment financing purposes (see "Tax Information - City Application of Tax Code").

The City is 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 grant of public fund 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.

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.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . The City Council will be required to adopt the annual tax rate for the City before the later of September 30 or the 60th 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. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process which uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Disabled taxpayers and taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due before February 1 of each year and the final installment due before 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 accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. A delinquent tax continues to incur the penalty as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest penalty is to compensate the taxing unit for revenue lost because of the delinquency. 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 \$65,000; the disabled are also granted an exemption of \$60,000. As a result of the passage of Senate Joint Resolution No. 1 in November 2015, the City is prohibited from reducing this additional exemption for a period running through December 31, 2019.

The City has granted an additional exemption of 20% of the market value of residence homesteads; the minimum exemption that may be granted being \$5,000.

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 non-business personal property and Dallas County collects taxes for the City.

The City does not permit split payments of taxes, and discounts for early payment of taxes are not allowed.

The City Council approved an exemption for freeport property which took effect on January 1, 2004.

The City does tax "Goods-in-Transit."

See Table 1 for a listing of the amounts of the exemptions described above.

The City does not collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has not established a freeze on the taxes on residence homesteads of persons 65 years of age or who are disabled, as may be done on a local option basis.

The City has adopted a tax abatement policy, as described below.

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 several criteria pertaining to job creation and property value enhancement. Generally, projects are eligible for a tax abatement of up to 30% for a period of up to five years.

TAX INCREMENT FINANCING ZONES . . . The City has established two reinvestment zones ("TIF 1" and "TIF 2") for the purpose of tax increment financing of infrastructure. In accordance with State law pertaining to tax increment reinvestment zones, the costs of public infrastructure improvements in the zone are repaid by the contribution of future tax revenues by each taxing unit that levies taxes against the property. The City contributes 35% of the incremental tax revenues generated from the City's ad valorem tax associated with the growth of the tax base in TIF 1 and 100% of the incremental tax revenues associated with the growth of the tax base in TIF 2 to a special fund to pay costs of infrastructure in the zones. There are \$104,392,827 of infrastructure improvements in the TIF 1 project plan, including streets, water, sewer, lighting, and landscaping. There are \$35,989,093 of infrastructure improvements in the TIF 2 project plan, including streets, water and sewer projects. TIF 1 and TIF 2 are scheduled to terminate in 2018 and 2019 respectively.

CHAPTER 380 AGREEMENTS . . . The City has entered into several agreements pursuant to Chapter 380 of the Local Government Code, none of which have a material impact on the City's finances.

TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT

2015/16 Market Valuation Established by Dallas Central Appraisal District		\$ 5,780,443,210
Less Exemptions/Reductions at 100% Market Value		
Totally Exempt Parcels	\$ 474,074,697	
Freeport	368,952,147	
Homestead	196,705,263	
Over 65	143,855,611	
Agricultural	40,820,025	
Disabled Persons	7,978,096	
Capped Value Loss	5,253,206	
Veteran 100%	1,310,342	
Pollution Control	952,621	
Disabled Veterans	890,292	
Properties Valued Under \$500	51,310	
Mineral Rights	1,400	\$ 1,240,845,010
2015/16 Net Taxable Assessed Valuation		\$ 4,539,598,200
City Funded Debt Payable From Ad Valorem Taxes (as of 3/15/16)		
Outstanding General Obligation Debt	\$ 36,910,000	
The Certificates ⁽¹⁾	2,600,000	
City Funded Debt Payable From Ad Valorem Taxes		\$ 39,510,000
Less: Self Supporting Debt		
Series 2011 General Obligation Refunding Bonds ⁽²⁾		\$ 5,500,000
Net General Obligation Debt Payable from Ad Valorem Taxes		\$ 34,010,000
General Obligation Interest and Sinking Fund (as of 3/15/16)		\$ 792,509
Ratio Gross General Obligation Tax Debt to Taxable Assessed Valuation		0.870%
Ratio Net General Obligation Tax Debt to Taxable Assessed Valuation		0.749%

2016 Estimated Population - 30,350

Per Capita Taxable Assessed Valuation - \$149,575

Per Capita Net General Obligation Debt Payable from Ad Valorem Taxes - \$1,121

(1) Preliminary, subject to change.

(2) This debt consists of General Obligation Refunding Bonds, Taxable Series 2011, which are self-supporting based upon amounts received under the Ground Lease Agreement (the "Lease") entered into by the City and the Dallas Stars, L.P., with respect to the Dallas Stars Ice Skating facility located in the City. Payments under the Lease are not pledged to the payment of the bonds. If the City determines not to use payments under the Lease, or if such amounts are insufficient to pay debt service on the bonds, the City will be required to assess an ad valorem tax to pay such obligations. See "Table 10 – Computation of Self-Supporting Debt".

TABLE 1(a) - ADDITIONAL DEBT LIABILITIES

Please refer to "Pension Fund", page 22 for a complete description of the City's pension and other post-employment benefit liabilities. Additional information with regard to the City's liability is also available via the TMRS website at www.tmrs.org.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2016		2015		2014	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 1,272,752,460	22.02%	\$ 1,210,895,940	22.82%	\$ 1,167,517,830	24.20%
Real, Residential, Multi-Family	430,845,050	7.45%	350,905,990	6.61%	259,748,470	5.38%
Real, Vacant Lots/Tracts	144,057,380	2.49%	130,138,330	2.45%	116,387,530	2.41%
Real, Commercial	2,438,358,260	42.18%	2,303,324,340	43.40%	2,095,038,740	43.43%
Real, Industrial	29,620,730	0.51%	26,230,580	0.49%	25,309,120	0.52%
Real, Oil, Gas and Other Mineral Reserves	1,400	0.00%	1,400	0.00%	1,400	0.00%
Real and Tangible Personal, Utilities	104,438,580	1.81%	103,200,440	1.94%	98,555,060	2.04%
Tangible Personal, Commercial	1,051,389,880	18.19%	917,947,180	17.30%	846,821,690	17.56%
Tangible Personal, Industrial	308,979,470	5.35%	264,104,780	4.98%	214,414,800	4.44%
Total Appraised Value Before Exemptions	\$ 5,780,443,210	100.00%	\$ 5,306,748,980	100.00%	\$ 4,823,794,640	100.00%
Less: Total Exemptions/Reductions	1,240,845,010		1,090,508,315		978,403,023	
Taxable Assessed Value	<u>\$ 4,539,598,200</u>		<u>\$ 4,216,240,665</u>		<u>\$ 3,845,391,617</u>	

	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2013		2012	
	Amount	% of Total	Amount	% of Total
Real, Residential, Single-Family	\$ 1,156,011,600	24.65%	\$ 1,165,430,330	25.12%
Real, Residential, Multi-Family	227,354,150	4.85%	201,978,900	4.35%
Real, Vacant Lots/Tracts	111,118,590	2.37%	131,733,930	2.84%
Real, Commercial	2,061,811,550	43.96%	2,044,454,780	44.06%
Real, Industrial	23,661,060	0.50%	21,881,740	0.47%
Real, Oil, Gas and Other Mineral Reserves	1,400	0.00%	1,400	0.00%
Real and Tangible Personal, Utilities	115,624,890	2.47%	123,186,540	2.65%
Tangible Personal, Commercial	806,426,340	17.19%	783,212,230	16.88%
Tangible Personal, Industrial	187,934,590	4.01%	167,923,470	3.62%
Total Appraised Value Before Exemptions	\$ 4,689,944,170	100.00%	\$ 4,639,803,320	100.00%
Less: Total Exemptions/Reductions	1,001,711,549		1,008,013,466	
Taxable Assessed Value	<u>\$ 3,688,232,621</u>		<u>\$ 3,631,789,854</u>	

NOTE: Valuations shown are certified taxable assessed values reported by the Dallas Central Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

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TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Taxable Assessed Valuation Per Capita	General Obligation (G.O.) Tax Debt ⁽³⁾	Ratio of G.O. Tax Debt to Taxable Assessed Valuation ⁽³⁾	G.O. Tax Debt Per Capita ⁽³⁾
2012	28,620	\$ 3,631,789,854	\$ 126,897	\$ 21,145,000	0.58%	\$ 739
2013	28,800	3,688,232,621	128,064	39,720,000	1.08%	1,379
2014	29,660	3,845,391,617	129,649	42,720,000	1.11%	1,440
2015	30,350	4,216,240,665	138,921	39,720,000	0.94%	1,309
2016	30,350	4,539,598,200	149,575	39,220,000 ⁽⁴⁾	0.86% ⁽⁴⁾	1,292 ⁽⁴⁾

(1) Based on North Central Texas Council of Governments original population estimates.

(2) As reported by the Dallas Central Appraisal District on the City's Annual State Property Tax Reports; subject to change during the ensuing year.

(3) Includes self-supporting debt of the City (see Tables 1 and 10 for a description of the City's self-supporting debt).

(4) Includes the Certificates. Preliminary, subject to change.

TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2012	\$ 0.5295	\$ 0.4873	\$ 0.0422	\$ 18,979,101	99.59%	99.65%
2013	0.5295	0.4935	0.0360	19,154,373	99.62%	99.71%
2014	0.5531	0.4987	0.0544	21,107,974	100.02%	99.72%
2015	0.6023	0.5076	0.0947	25,393,026	98.13%	98.13%
2016	0.6023	0.5139	0.0884	27,403,260	97.38% ⁽¹⁾	95.21% ⁽¹⁾

(1) Collections as of March 31, 2016.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	FYE 2015/16 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
70 Washington Street LP	Office Tower - Class A	\$ 124,235,000	2.74%
Occidental Chemical Corporation	Office Tower - Class A	85,998,250	1.89%
Maxim Integrated Products	Semiconductor Manufacturing	62,866,849	1.38%
EOS Properties at Providence Towers	Office Tower - Class A	74,750,000	1.65%
Garden Centura LP	Office Tower - Class A	72,925,000	1.61%
Glazers Wholesale Drug Co.	Spirit and Wine Distribution Warehouse	74,953,180	1.65%
AT&T Communications	Telecommunications/Inventory	57,292,810	1.26%
TP IP Tower III Corp	Office Tower - Class A	51,275,000	1.13%
IBM Corporation	Office Tower - Class A	49,046,880	1.08%
Lakeview at Parkside	Apartment Complex	53,972,000	1.19%
		<u>\$ 707,314,969</u>	<u>15.58%</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 (however, see "The Certificates - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY⁽¹⁾

2016 Net Principal and Interest Requirements	\$	3,932,359
\$0.0875 Tax Rate at 99% Collection Produces	\$	3,932,427
Average Annual Net Principal and Interest Requirements, 2016-2036	\$	2,237,940
\$0.0501 Tax Rate at 99% Collection Produces	\$	2,238,113
Maximum Annual Net Principal and Interest Requirements, 2017	\$	4,088,737
\$0.0913 Tax Rate at 99% Collection Produces	\$	4,089,724

(1) Includes the Certificates; excludes self-supporting debt. See "Table 10 – Computation of Self-Supporting Debt" for a discussion of the City's self-supporting debt. Preliminary, subject to change.

TABLE 7 - ESTIMATED OVERLAPPING DEBT

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.

Taxing Jurisdiction	2015/16 Taxable Assessed Value	2015/16 Tax Rate	G.O. Tax Debt as of 3/15/16	Estimated % Applicable	City's Overlapping G.O. Tax Debt as of 3/15/16
Direct:					
City of Farmers Branch	\$ 4,539,598,200	\$ 0.6023	\$ 34,010,000 ⁽¹⁾	100.00%	\$ 34,010,000
Overlapping:					
Carrollton-Farmers Branch ISD	17,083,929,532	\$ 1.2817	244,625,000	16.52%	40,412,050
Dallas County	188,190,199,007	0.2431	65,260,000	2.41%	1,572,766
Dallas County Comm College District	197,279,330,872	0.1237	321,510,000	2.41%	7,748,391
Dallas County Hospital District	188,977,365,634	0.2860	728,005,000	2.41%	17,544,921
Dallas County Schools	188,190,199,007	0.0100	54,700,000	2.41%	1,318,270
Dallas Independent School District	92,439,839,696	1.2821	2,807,460,000	1.94%	54,464,724
Valwood Improvement Authority	1,811,402,897	0.2700	16,852,391	35.26%	5,942,153
Total			\$ 4,272,422,391		\$ 163,013,275
Total Direct and Overlapping G. O. Tax Debt					\$ 163,013,275
Ratio of Direct and Overlapping G. O. Tax Debt to Taxable Assessed Valuation					3.59%
Per Capita Direct and Overlapping G. O. Tax Debt					\$ 5,371

(1) Excludes self-supporting debt. Includes the Certificates. Preliminary, subject to change.

DEBT INFORMATION

TABLE 8 - PRO-FORMA GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ended	Outstanding Debt ⁽¹⁾			The Certificates ⁽²⁾			Total Outstanding Debt	Less: Self- Supporting Debt ⁽⁴⁾	Net Debt Service Requirements	% of Principal Retired
	Principal	Interest	Total	Principal	Interest	Total				
2016	\$ 3,100,000	\$ 1,432,530	\$ 4,532,530	\$ -	\$ -	\$ -	\$ 4,532,530	\$ 600,171	\$ 3,932,359	
2017	3,210,000	1,313,931	4,523,931	115,000	47,163	162,163	4,686,094	597,358	4,088,737	
2018	3,340,000	1,185,515	4,525,515	110,000	50,630	160,630	4,686,145	597,937	4,088,208	
2019	2,595,000	1,070,171	3,665,171	115,000	49,475	164,475	3,829,646	601,833	3,227,813	
2020	2,695,000	969,280	3,664,280	115,000	48,152	163,152	3,827,432	604,017	3,223,416	36.38%
2021	2,805,000	861,057	3,666,057	115,000	46,623	161,623	3,827,679	604,356	3,223,323	
2022	2,925,000	744,952	3,669,952	115,000	44,955	159,955	3,829,907	603,145	3,226,762	
2023	3,045,000	620,889	3,665,889	120,000	43,173	163,173	3,829,062	600,411	3,228,650	
2024	2,840,000	496,887	3,336,887	120,000	41,193	161,193	3,498,080	601,146	2,896,933	
2025	1,785,000	409,331	2,194,331	125,000	39,033	164,033	2,358,364	599,900	1,758,464	69.45%
2026	1,850,000	347,506	2,197,506	125,000	36,658	161,658	2,359,164	601,800	1,757,364	
2027	1,300,000	295,706	1,595,706	130,000	34,158	164,158	1,759,864	-	1,759,864	
2028	1,335,000	254,116	1,589,116	130,000	31,493	161,493	1,750,608	-	1,750,608	
2029	1,385,000	209,875	1,594,875	135,000	28,763	163,763	1,758,638	-	1,758,638	
2030	1,440,000	162,613	1,602,613	135,000	25,860	160,860	1,763,473	-	1,763,473	88.27%
2031	1,075,000	120,513	1,195,513	140,000	22,890	162,890	1,358,403	-	1,358,403	
2032	1,110,000	83,806	1,193,806	145,000	19,670	164,670	1,358,476	-	1,358,476	
2033	1,145,000	45,400	1,190,400	145,000	16,190	161,190	1,351,590	-	1,351,590	
2034	740,000	12,950	752,950	150,000	12,565	162,565	915,515	-	915,515	
2035	-	-	-	155,000	8,665	163,665	163,665	-	163,665	99.62%
2036	-	-	-	160,000	4,480	164,480	164,480	-	164,480	100.00%
	<u>\$ 39,720,000</u>	<u>\$ 10,637,028</u>	<u>\$ 50,357,028</u>	<u>\$ 2,600,000</u>	<u>\$ 651,784</u>	<u>\$ 3,251,784</u>	<u>\$ 53,608,812</u>	<u>\$ 6,612,073</u>	<u>\$ 46,996,739</u>	

(1) "Outstanding Debt" does not include lease/purchase obligations.

(2) Average life of the Certificates – 11.142 years. Interest calculated at an average rate of 2.540% for purposes of illustration. Preliminary, subject to change.

(3) See "Table 10 – Computation of Self-Supporting Debt" for a discussion of the City's self-supporting debt.

TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION

Tax Supported Debt Service Requirements, Fiscal Year Ending 9-30-16		\$ 4,532,530
Interest and Sinking Fund, 9-30-15	\$ 232,113	
Budgeted Interest and Sinking Fund Tax Levy	3,937,500	
Budgeted Penalty and Interest	40,000	
Transfer from Stars Center Fund	601,700	4,811,313
Estimated Balance, 9-30-16		<u>\$ 278,783</u>

TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT

Fiscal Year 2015 Stars Center Revenues ⁽¹⁾	\$ 669,480
Less: Requirements for the Taxable Series 2011 Bonds	<u>600,171</u>
Balance Available for Other Purposes	\$ 69,309

(1) The General Obligation Refunding Bonds, Taxable Series 2011 refunded the Combination Tax and Revenue Certificates of Obligation, Taxable Series 2004 which were self-supporting general obligation debt based upon amounts received under the terms of a Ground Lease Agreement (the "Lease") between the City and the lessee, the Dallas Stars L.P. (the "Dallas Stars"), which Lease relates to the community-style recreational ice-skating and conference facility financed in part with the proceeds of the Series 2004 Taxable Certificates. The obligation of the Dallas Stars to make lease payments to the City to support the payment of the bonds is dependent on the satisfaction of certain ongoing requirements in the Lease. The City currently transfers Lease payments to the debt service fund to pay debt service on the bonds and anticipates it will continue to do so. If the City discontinues such transfers, the City will be required to assess an ad valorem tax for the payment of the Taxable Series 2011 Bonds.

TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Amount Being Issued	Unissued Balance
Streets	5/10/2014	\$ 23,500,000	\$ 14,500,000	\$ -	\$ 9,000,000
		<u>\$ 23,500,000</u>	<u>\$ 14,500,000</u>	<u>\$ -</u>	<u>\$ 9,000,000</u>

ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . . The City does not anticipate the issuance of additional general obligation debt within the next 12 months.

TABLE 12 – OTHER OBLIGATIONS

As of April 30, 2014 the City has no other outstanding obligations payable from ad valorem taxes.

PENSION FUND . . . The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

All eligible employees of the City are required to participate in TMRS. The City does not participate in the Social Security system.

Benefits Provided - TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the city, within the options available in the state statutes governing TMRS.

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 payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, 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. Beginning in 1996 the City granted, on an annually repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically computing the member's account balance by assuming that the current member deposit rate of 7% and City matching ratio of 2 to 1 has always been in effect. The computation also assumes that the member's salary has always been the member's average salary – using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, not the actual interest credited to member accounts in previous years, and increased by the 2 to 1 City match currently in effect. The resulting sum is then compared to the member's actual account balance increased by the actual City match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member 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 accumulated contributions with interest and the city-financed monetary credits with interest were used to purchase an annuity. Additionally initiated in 1996, the City provides, on an annually repeating basis, increases for retirees equal to 70% of the change in the Consumer Price Index (CPI).

Members can retire at ages 60 and above with five or more years of service or with 25 years of service regardless of age. A member is vested after five years.

Employees covered by benefit terms:

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	282
Inactive employees entitled to but not yet receiving benefits	237
Active employees	<u>370</u>
Total	889

On September 15, 2015, City Council approved an ordinance to allow certain employees of the City who had terminated previous membership in the Texas Municipal Retirement System, to deposit the sums so withdrawn, plus annual withdrawal charges, and allowing and undertaking the cost of allowing any such employee credit in such system for all service to which such employee had been entitled at date of such withdrawal, with like effect as if all such service had been performed as an employee of this City. There are 23 employees with previously forfeited credit that are eligible for this new buy-back provision. Assuming the immediate purchase of all this credit, the increase in liability and contributions rate would be \$2,250,068 and 0.46%, during the next valuation cycle. Management anticipates that ten or 43.5% of the eligible employees will participate, which would increase the liability by \$978,780.

Contributions - The contribution rate for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings and the City matching percentages are either 100%, 150%, or 200%, 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 the actuary, using the Entry Age Normal (EAN) cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Farmers Branch were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Farmers Branch were 19.62% and 19.09% in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the year ended September 30, 2015 were \$4,887,161.

Net Pension Liability - The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.0% per year
Investment rate of return	7.0%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. For the City of Farmers Branch as a small participant city, the base table is then multiplied by a factor of 90.0% based on the experience of the City in comparison to the group as a whole. A further multiplier is applied depending on an employee's classification: 1) Fire – 64%, 2) Police – 92%, or 3) Other – 105%. This adds an additional layer of conservatism. The rates are based on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is 7.0%. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount rate:

The discount rate used to measure the Total Pension Liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

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Changes in the net pension liability:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a)-(b)
Balance at 12/31/2013	\$ 222,656,259	\$ 199,075,146	\$ 23,581,113
Changes for the year:			
Service cost	4,007,557	-	4,007,557
Interest	15,367,910	-	15,367,910
Change of benefit terms	-	-	-
Difference between expected and actual experience	(3,914,413)	-	(3,914,413)
Changes of assumption	-	-	-
Contributions - employer	-	4,951,824	(4,951,824)
Contributions - employee	-	1,779,313	(1,779,313)
Net investment income	-	11,387,339	(11,387,339)
Benefit payments, including refunds of employee contributions	(10,236,923)	(10,236,923)	-
Administrative expense	-	(118,899)	118,899
Other changes	-	(9,775)	9,775
Net changes	5,224,131	7,752,879	(2,528,748)
Balance at 12/31/2014	\$ 227,880,390	\$ 206,828,025	\$ 21,052,365

Sensitivity of the net pension liability to changes in the discount rate:

The following presents the net pension liability of the City, calculated using the discount rate of 7.0%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

	1% Decrease in		1% Increase in	
	Discount Rate (6.0%)	Discount Rate (7.0%)	Discount Rate (7.0%)	Discount Rate (8.0%)
City's net pension liability	\$ 52,998,773	\$ 21,052,365	\$ 21,052,365	\$ (5,152,700)

Pension plan fiduciary net position:

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension expense and deferred outflows of resources and deferred inflows of resources related to pensions:

For the year ended September 30, 2015, the City recognized pension expense of \$3,386,425.

At September 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions subsequent to the measurement date	\$ 3,632,002	\$ -
Difference between projected and actual investment earnings	2,038,337	-
Differences between expected and actual economic experience	-	3,001,686
Total	\$ 5,670,339	\$ 3,001,686

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The amount of \$403,143 reported as deferred inflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2015. Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2015	\$ (403,143)
2016	(403,143)
2017	(403,143)
2018	246,080
2019	-
Thereafter	-
Total	\$ (963,349)

Other Post-Employment Benefits

Plan Description – The City administers a single-employer defined contribution healthcare plan (the “Retiree Health Care Plan”). The plan contributes to postemployment healthcare benefits through the City’s group health insurance plan, which covers both active and retired members. Contributions are established through City policy as approved by City Council. The Retiree Health Care Plan does not issue a publicly available financial report.

The eligibility requirements are:

- Must be a current, full-time employee hired prior to January 1, 2007;
- Must have worked for the City for at least ten years which do not need to be concurrent;
- Must meet the eligibility requirements of the TMRS and retire from the City; and,
- Must be on the City’s health plan at the time of retirement, and for dependents to be carried on the health plan, they must also be on the plan at that time.

Funding Policy – The City contributes \$500 per month toward the cost of an age-adjusted high deductible health insurance plan premium, plus a \$500 annual lump sum payment to a health savings account (HSA) for those retirees selecting the age-adjusted health plan, and the full premium for life insurance coverage of \$12,000. The eligible City retiree receives city paid coverage until age 65. As an alternative to the City’s age-adjusted health plan, retirees may be provided a health reimbursement account (HRA) administered through CONEXIS. The City contributes \$500 per month to this HRA plus an annual lump sum funding of \$500 and the full premium for life insurance coverage of \$12,000. The City’s contribution for future health insurance premiums is capped at a maximum of \$575 per month.

In fiscal year 2015, the City contributed \$462,175 to the plan. Plan members receiving benefits contribute the additional cost above the age-adjusted health insurance premium after the City contribution and the full group premium for dental or vision plans selected. In fiscal year 2015, total member contributions were \$89,447.

Annual OPEB Cost and Net OPEB obligation – The City’s annual other postemployment benefit (“OPEB”) cost (expense) is calculated based on the ARC of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The annual OPEB cost for the fiscal year ending September 30, 2015 is as follows:

Annual required contribution (ARC)	\$ 751,349
Interest on net OPEB obligation	59,399
Adjustment to the ARC	<u>(163,172)</u>
Annual OPEB cost	\$ 647,576
Contributions made	<u>462,175</u>
Increase in net OPEB obligation	\$ 185,401
Net OPEB obligation, beginning of year	<u>1,319,968</u>
Net OPEB obligation, end of year	<u><u>\$ 1,505,369</u></u>

The City's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2015 and the preceding two years were as follows:

Fiscal Year Ending	Annual OPEB Cost	Actual Contribution Made	% of Annual OPEB Cost Contributed	Net OPEB Obligation
2013	\$ 1,008,679	\$ 955,586	95%	\$ 1,131,863
2014	760,121	572,016	75%	1,319,968
2015	647,576	462,175	71%	1,505,369

Funded Status – The funded status of the City's retiree benefit plan under GASB Statement No. 45 as of December 31, 2014 is as follows:

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Covered Payroll
2015	12/31/2014	\$ -	\$ 4,917,608	\$ 4,917,608	0.0%	\$ 14,149,211	34.8%

Under the reporting parameters, the City's retiree health care plan is 0.0% funded with an estimated actuarial liability exceeding actuarial assets by \$4,917,608 at December 31, 2014. As of the most recent valuation, the ratio of unfunded actuarial accrued liability to annual covered payroll is 34.8%.

Actuarial Methods and Assumptions – The projected unit credit actuarial cost method is used to calculate the GASB ARC for the City's retiree benefit plan. Using the plan benefits, the present health premiums, and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation rate	3.00% per annum
Investment rate of return	4.50%, per annum, net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level dollar
Amortization period	10-year open amortization
Payroll growth	N/A
Medical trend	There was a change to the cap for the monthly contribution for medical from \$500 to \$575 This was included in the actuarial assumptions this year

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions to the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as required supplementary information provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

For more detailed information concerning the retirement plan, see Appendix B, "Excerpts from the City's Annual Financial Report" - Notes #2 and #3.

FINANCIAL INFORMATION

TABLE 13 - CHANGES IN NET POSITION

	Governmental Activities 2015 ⁽¹⁾	Governmental Activities 2014	Governmental Activities 2013	Governmental Activities 2012	Governmental Activities 2011 ⁽²⁾
REVENUES:					
Program Revenues:					
Charges for services	\$ 10,075,529	\$ 8,740,882	\$ 8,923,838	\$ 8,654,848	\$ 9,077,248
Operating grants and contributions	335,647	552,131	781,993	310,341	151,228
Capital grants and contributions	401,271	98,600	303,998	709,138	720,581
General Revenues:					
Taxes					
Property taxes, levied for general purposes	20,727,595	18,886,710	17,707,657	17,284,378	18,109,178
Property taxes, levied for debt service	3,903,953	2,075,008	1,284,446	1,506,258	1,474,045
Sales and use taxes	13,363,544	13,430,485	13,689,917	12,750,809	11,988,696
Hotel/motel taxes	2,728,631	2,396,399	2,253,459	1,932,530	2,017,819
Franchise taxes	4,429,370	4,472,748	4,420,712	4,185,655	4,695,310
Tax increment financing	1,350,636	855,286	797,278	1,005,642	1,337,358
Investment income	1,591,991	1,872,535	1,386,221	1,341,782	1,379,360
Miscellaneous	124,938	36,873	4,862	536,320	56,546
Total Revenues	<u>\$ 59,033,105</u>	<u>\$ 53,417,657</u>	<u>\$ 51,554,381</u>	<u>\$ 50,217,701</u>	<u>\$ 51,007,369</u>
EXPENSES:					
General government	12,623,901	13,133,503	10,914,452	11,884,776	11,808,807
Public safety	22,025,873	22,147,916	22,772,965	21,414,818	22,439,143
Public works	9,414,374	11,683,321	8,875,224	8,509,565	8,562,557
Culture and recreation	12,588,417	11,820,723	12,739,313	12,866,193	12,824,261
Interest on long-term debt	2,344,088	2,141,082	1,887,714	1,775,374	1,821,645
Unallocated depreciation	126,464	126,464	126,464	605,266	126,464
Total Expenditures	<u>\$ 59,123,117</u>	<u>\$ 61,053,009</u>	<u>\$ 57,316,132</u>	<u>\$ 57,055,992</u>	<u>\$ 57,582,877</u>
Increase (decrease) in net position before transfers	\$ (90,012)	\$ (7,635,352)	\$ (5,761,751)	\$ (6,838,291)	\$ (6,575,508)
Transfers	3,469,420	5,232,600	3,073,500	3,388,500	4,211,400
Increase (decrease) in net position	\$ 3,379,408	\$ (2,402,752)	\$ (2,688,251)	\$ (3,449,791)	\$ (2,364,108)
Beginning net position	85,789,895	88,192,647	90,880,898	94,330,689	96,694,797
Restatement of beginning net position	(15,638,160)	-	-	-	-
Net position-beginning, as restated	<u>70,151,735</u>	<u>88,192,647</u>	<u>90,880,898</u>	<u>94,330,689</u>	<u>96,694,797</u>
Ending net position	<u>\$ 73,531,143</u>	<u>\$ 85,789,895</u>	<u>\$ 88,192,647</u>	<u>\$ 90,880,898</u>	<u>\$ 94,330,689</u>

(1) Restated with implementation of GASB Statement 68 and 71.

(2) Restated with implementation of GASB Statements 51, 61 and 65.

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TABLE 13 -A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Years Ended September 30,				
	2015	2014	2013	2012	2011
<u>Revenues:</u>					
Property, Sales and Franchise Taxes	\$ 38,333,869	\$ 36,856,882	\$ 35,934,981	\$ 34,153,059	\$ 34,728,480
Licenses and Permits	1,680,095	930,443	1,015,017	1,012,913	886,511
Charges for Services	5,001,160	4,522,186	4,539,757	4,624,287	4,780,573
Fine and Forfeitures	2,200,215	2,363,647	2,121,697	2,184,699	2,418,042
Investment Income	707,195	616,125	600,333	587,856	559,534
Intergovernmental	200,000	250,196	111,456	-	-
Miscellaneous	75,774	56,238	85,025	56,202	63,635
Total Revenues	<u>\$ 48,198,308</u>	<u>\$ 45,595,717</u>	<u>\$ 44,408,266</u>	<u>\$ 42,619,016</u>	<u>\$ 43,436,775</u>
<u>Expenditures:</u>					
Current:					
General Government	\$ 12,197,959	\$ 12,007,232	\$ 10,538,652	\$ 11,287,146	\$ 9,572,919
Public Safety	22,351,409	21,983,787	21,640,592	20,609,761	19,899,281
Public Works	6,473,060	6,473,144	5,717,415	5,665,710	5,653,112
Culture and Recreation	10,074,366	9,474,411	10,678,436	10,526,017	9,894,306
Loss Due to Decline in Market Value	-	-	-	95,459	48,344
Total Expenditures	<u>\$ 51,096,794</u>	<u>\$ 49,938,574</u>	<u>\$ 48,575,095</u>	<u>\$ 48,184,093</u>	<u>\$ 45,067,962</u>
Deficiency of Revenues					
Under Expenditures	<u>\$ (2,898,486)</u>	<u>\$ (4,342,857)</u>	<u>\$ (4,166,829)</u>	<u>\$ (5,565,077)</u>	<u>\$ (1,631,187)</u>
<u>Other Financing Sources (Uses):</u>					
Transfers In	\$ 4,780,744	\$ 4,659,600	\$ 3,777,500	\$ 3,949,773	\$ 4,157,478
Transfers Out	(1,115,000)	(1,100,000)	-	-	-
Sale of Capital Assets/Insurance Recoveries	609,764	114,535	797,381	1,569,531	491,084
Total Other Financing Sources (Uses)	<u>\$ 4,275,508</u>	<u>\$ 3,674,135</u>	<u>\$ 4,574,881</u>	<u>\$ 5,519,304</u>	<u>\$ 4,648,562</u>
Net Change in Fund Balance	\$ 1,377,022	\$ (668,722)	\$ 408,052	\$ (45,773)	\$ 3,017,375
Fund Balances, Beginning of Year	<u>\$ 11,339,156</u>	<u>\$ 12,007,878</u>	<u>\$ 11,599,826</u>	<u>\$ 11,645,599</u>	<u>\$ 8,628,224</u>
Fund Balances, End of Year	<u>\$ 12,716,178</u>	<u>\$ 11,339,156</u>	<u>\$ 12,007,878</u>	<u>\$ 11,599,826</u>	<u>\$ 11,645,599</u>

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TABLE 14 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, V.T.C.A., Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City (which, combined with sales taxes levied by other governmental entities, total 8.25%); the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended	Total Collected	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2012	\$ 12,750,809	67.18%	\$ 0.3511	\$ 445.52
2013	13,689,917	71.47%	0.3712	475.34
2014	13,430,485	63.63%	0.3493	452.81
2015	13,363,544	52.63%	0.3170	440.31
2016	4,638,360 ⁽¹⁾	16.97%	0.1022	152.83

(1) Collections as of March 15, 2016, which represents a 45 day lag.

FINANCIAL POLICIES

Basis of Presentation . . . While separate government-wide financial statements (based on the City as a whole) and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City’s enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

The fund financial statements provide information about the City’s funds, including its blended component units. The emphasis of fund financial statements is on major governmental and enterprise funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The *general fund* is the primary operating fund of the City. It accounts for all financial resources of the City except those required to be accounted for in another fund.

The *landfill closure/postclosure fund* is used to account for future landfill costs.

The *stars center fund* is used to account for Stars/Conference Center rental revenue and transfers to debt service for bond payments.

The *street improvement bond fund* is used to provide funds for permanent public improvements, to wit: engineering, constructing, reconstructing, improving, repairing, developing, extending and expanding streets, thoroughfares, bridges, interchanges, intersections, grade separations, sidewalks and other public ways of the City, including streetscape improvements, public utility improvements, storm drainage facilities, and the acquisition of land therefor.

The City reports the following major proprietary fund:

The *water and sewer fund* is used to account for water and sewer service operations that are financed and operated in a manner similar to private business enterprises. The intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or where the governing body has decided the periodic determination of revenues earned, expenses incurred, or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The *stormwater utility fund* is used to account for the City’s drainage management program.

The City reports the following internal service funds:

The *internal service funds* are used to account for facilities and fleet management services and the City’s workers’ compensation and medical self-insurance programs for the departments of the City on a cost reimbursement basis.

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds”. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City’s water and sewer functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Measurement Focus and Basis of Accounting . . . The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus refers to the type of resources being measured such as current financial resources or economic resources. The basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. Debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt is reported as another financing source.

Property, franchise, sales and hotel occupancy taxes, and investment income (including unrealized gains and losses) are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. The portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when the government receives cash.

Fund Balance/Operating Position Concepts . . . In the General Fund, the City will strive to maintain an unassigned fund balance to be used for unanticipated emergencies within a target range of approximately 15% (low end) and 20% (high-end) of the actual GAAP basis expenditures and other financing sources and uses. A net current assets balance of \$2.0 million is targeted for the Water & Sewer Fund. “Net current assets” is an amount derived by subtracting current liabilities from current assets. This amount is the best approximation in an enterprise type fund of spendable resources, which are available for appropriation. These monies will be used to avoid cash-flow interruptions, generate interest income, reduce the need for short-term borrowing, and assist in maintaining an investment-grade rating. Each fund may borrow internally from other funds to provide for cash flow requirements. These loans will be on a short-term basis. Funds of the City will not be operated on a deficit basis.

Debt Service . . . The City’s goal for debt service is to limit general obligation annual debt service requirements to 20 percent of general governmental expenditures.

Use of Bond Proceeds, Grants, etc . . . Long-term debt shall not be used for operating purposes. The life of bonds shall not exceed the useful life of the projects.

Budgetary Procedures . . . The City Council follow these procedures in establishing the budgets reflected in the general purpose financial statements:

1. By August 1 of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures/expenses and the means of financing them.
2. Public hearings are conducted, at which time all interested persons' comments concerning the budget are heard.
3. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year.
4. Once a budget is approved, the City Manager is authorized to transfer unencumbered appropriations within a department, but not between funds. City Council approval is necessary for transfers of unencumbered appropriations between departments, functions and funds.
5. Annual operating budgets are prepared on a budgetary basis for all governmental funds, whereby year-end encumbrances are recognized as expenditures in the current year.
6. Budgetary data for the Capital Projects Funds are not presented in the City's combined financial statements, as such funds are budgeted over the life of the respective project and not on an annual basis.
7. Budgeted amounts are as amended by the City Council. Appropriations, except remaining project appropriations and encumbrances, lapse at the end of the fiscal year.
8. Since encumbrances are included in budgeted expenditures the Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual are reported using both the budget basis of accounting and the GAAP (Generally Accepted Accounting Principles) basis of accounting.

INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS . . . Under current 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 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 of and interest on which are unconditionally guaranteed or insured by, or backed by the full faith and credit of, the State 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 (i) issued by a depository institution that has its main office or a branch office in the State of Texas, that 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 and 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; 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 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, (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 no 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 below.

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 "AAA-m" or an equivalent by at least one nationally recognized rating service. The City may also contract with an investment management firm registered under the Investment Advisers Act of 1940 (15 U.S.C. Section 80b-1 et seq.) or with the State Securities Board to provide for the investment and management of its public funds or other funds under its control for a term up to two years, but the City retains ultimate responsibility as fiduciary of its assets. In order to renew or extend such a contract, the City must do so by order, ordinance, or resolution.

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 and 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 fund's 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 City 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; (9) require local government

investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (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 February 29, 2016, the City's investable funds were invested in the following categories:

Description	% of Portfolio	Purchase Price	Market Value
Certificates of Deposit	8.70%	\$ 4,620,000	\$ 4,620,000
Federal National Mortgage Association	5.66%	2,997,249	3,006,360
Federal Agricultural Mortgage Association	6.58%	3,501,050	3,495,450
Federal Home Loan Mortgage Comp.	3.76%	1,995,100	1,998,060
Federal Home Loan Bank	6.61%	3,518,437	3,512,172
Federal Farm Credit Bank	3.72%	1,973,993	1,974,620
Municipal Obligations	39.03%	20,764,598	20,728,765
TexPool	25.93%	13,768,924	13,768,924
	100.00%	\$ 53,139,351	\$ 53,104,351

TAX MATTERS

TAX EXEMPTION . . . In the opinion of Bracewell LLP, Bond Counsel, under existing law (i) interest on the Certificates is excludable from gross income for federal income tax purposes and (ii) the Certificates are not “private activity bonds” under the Internal Revenue Code of 1986, as amended (the “Code”), and, as such, interest on the Certificates 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 Certificates, 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 Certificates for federal income tax purposes and, in addition, will rely on representations by the City, the City’s Financial Advisor and the Initial Purchasers of the Certificates with respect to matters solely within the knowledge of the City, the City’s Financial Advisor and the Initial Purchasers of the Certificates, respectively, which Bond Counsel has not independently verified. If the City fails to comply with the covenants in the Ordinance or if the foregoing representations are determined to be inaccurate or incomplete, interest on the Certificates could become includable in gross income from the date of delivery of the Certificates, 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 Certificates, is included in a corporation’s “adjusted current earnings,” ownership of the Certificates 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 Certificates.

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 Certificates. 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 Certificates could adversely affect the value and liquidity of the Certificates regardless of the ultimate outcome of the audit.

ADDITIONAL FEDERAL INCOME TAX CONSIDERATIONS

COLLATERAL TAX CONSEQUENCES . . . Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, life insurance and property and casualty insurance companies, certain S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, low and middle income 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 Certificates. These categories of prospective purchasers should consult their own tax advisors as to the applicability of these consequences. Prospective purchasers of the Certificates 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 Certificates, received or accrued during the year.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE PREMIUM . . . The issue price of all or a portion of the Certificates may exceed the stated redemption price payable at maturity of such Certificates. Such Certificates (the “Premium Certificates”) are considered for federal income tax purposes to have “bond premium” equal to the amount of such excess. The basis of a Premium Certificate 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 Certificate 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 Certificate 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 Certificate that is amortizable each year (or shorter period in the event of a sale or disposition of a Premium Certificate) is determined using the yield to maturity on the Premium Certificate based on the initial offering price of such Certificate.

The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of Premium Certificates 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 Certificates 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 Certificate 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 Certificates.

TAX ACCOUNTING TREATMENT OF ORIGINAL ISSUE DISCOUNT CERTIFICATES . . . The issue price of all or a portion of the Certificates may be less than the stated redemption price payable at maturity of such Certificates (the “Original Issue Discount Certificates”). In such case, the difference between (i) the amount payable at the maturity of each Original Issue Discount Certificate, and (ii) the initial offering price to the public of such Original Issue Discount Certificate constitutes original issue discount with respect to such Original Issue Discount Certificate in the hands of any owner who has purchased such Original Issue Discount Certificate in the initial public offering of the Certificates. 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 Certificate equal to that portion of the amount of such original issue discount allocable to the period that such Original Issue Discount Certificate continues to be owned by such owner.

In the event of the redemption, sale or other taxable disposition of such Original Issue Discount Certificate prior to stated maturity, however, the amount realized by such owner in excess of the basis of such Original Issue Discount Certificate 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 Certificate was held by such initial owner) is includable in gross income.

The foregoing discussion assumes that (i) the Initial Purchasers for the Certificates have purchased the Certificates for contemporaneous sale to the public and (ii) all of the Original Issue Discount Certificates 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 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 Certificates will be offered and sold in accordance with such assumptions.

Under existing law, the original issue discount on each Original Issue Discount Certificate 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 Certificates 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 Certificate 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 Certificate.

The federal income tax consequences of the purchase, ownership, and redemption, sale or other disposition of Original Issue Discount Certificates 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 Certificates 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 Certificates 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 Certificates.

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 Certificates from gross income for federal income tax purposes. Any proposed legislation, whether or not enacted, could also affect the value and liquidity of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed, pending or future legislation.

QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . . Section 265(a) of the Code provides, in general, that a deduction for interest on indebtedness incurred to acquire or carry tax-exempt obligations is disallowed. Section 265(b) of the Code provides a specific complete disallowance of any deduction by a financial institution of its pro rata interest expense to reflect such financial institution's investment in tax-exempt obligations acquired after August 7, 1986. Section 265(b) also provides an exception for financial institutions for tax-exempt obligations that are properly designated or deemed designated by an issuer as "qualified tax-exempt obligations."

The Certificates have been designated as "qualified tax-exempt obligations" based, in part, on the City's representation that the amount of the Certificates, when added to the amount of all other tax-exempt obligations (not including private activity bonds other than "qualified 501(c)(3) bonds" or any obligations, including a portion of the Certificates, issued to currently refund any obligation to the extent the amount of the refunding obligation did not exceed the outstanding amount of the refunded obligation) issued or reasonably anticipated to be issued by or on behalf of the City during 2016, is not expected to exceed \$10,000,000. Further, the City and entities aggregated with the City under the Code have not designated more than \$10,000,000 in "qualified tax-exempt obligations" (including the Certificates) during 2016.

Notwithstanding the designation of the Certificates as "qualified tax-exempt obligations" under this exception, financial institutions acquiring the Certificates will be subject to a 20% disallowance of allocable interest expense.

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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 Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates unless the City amends or repeals the agreement as described below. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified events, to the Municipal Securities Rulemaking Board (the "MSRB"). This information will be made available to investors by the MSRB through its Electronic Municipal Market Access System ("EMMA") free of charge at www.emma.msrb.org.

ANNUAL REPORTS . . . The will provide certain updated financial information and operating data to the MSRB on an annual basis. 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 (the "Annual Operating Report"). The City will update and provide the annual Operating Report within six months after the end of each fiscal year ending in and after 2016. The City will additionally provide audited financial statements of the City (the "Financial Statements") and such Financial Statements will be provided when and if available, but in any event within 12 months after the end of each fiscal year ending in or after 2016. 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. Any such 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").

The City's current fiscal year end is September 30. Accordingly, the Annual Operating Report must be provided by March 31 in each year, and the Financial Statements must be provided by September 30 of each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

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

AVAILABILITY OF INFORMATION. . . All information and documentation filings required to be made by the City in accordance with its undertaking made for the Certificates 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.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain specified 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 Certificates 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 and beneficial owners of Certificates may seek a writ of mandamus to compel the City to comply with its agreement.

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

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 Certificates 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 Certificates 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 Certificates. 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 Rule or a court of final jurisdiction enters judgment that such provisions of the Rule 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 Certificates in the primary offering of the Certificates. 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 previous five years, the City has substantially complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

OTHER INFORMATION

RATINGS

The presently outstanding tax-supported debt of the City are rated "AA+" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "AA+" by Fitch Ratings, Inc. ("Fitch"), without regard to credit enhancement. Applications have been made to S&P and Fitch for contract ratings on the Certificates. 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 or both of such rating companies, if in the judgment of either or both companies, circumstances so warrant. Any such downward revision or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Certificates.

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 impact upon the City or its operations

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE

The sale of the Certificates 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); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates 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 Certificates 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 Certificates 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 Certificates 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 Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates 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 Certificates 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 Certificates, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Certificate and to the effect that the Certificates 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 Certificates will be excludable from gross income for federal income tax purposes under existing including alternative minimum tax consequences for corporations. See "Tax Matters" herein. The form of Bond Counsel's opinion is attached hereto as Appendix C. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Official Statement or Notice of Sale, 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 Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. The legal opinion will accompany the Certificates deposited with DTC or will be printed on the Certificates in the event of the discontinuance of the Book-Entry-Only System.

FINANCIAL ADVISOR

FirstSouthwest is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fees for services rendered with respect to the sale of the Certificates are contingent upon the issuance and delivery of the Certificates. FirstSouthwest, 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 Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the City for the investment of bond proceeds or other funds of the City upon the request of the City.

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.

INITIAL PURCHASER

After requesting competitive bids for the Certificates, the City accepted the bid of _____ (the "Initial Purchaser") to purchase the Certificates at the prices shown on page 2 of the Official Statement. The Initial Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yield at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Certificates, the City will furnish a certificate, executed by proper officers, acting in their official capacity, to the effect that to the best of their knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in its Official Statement, and any addenda, supplement or amendment thereto, on the date of such Official Statement, on the date of sale of said Certificates and the acceptance of the best bid therefor, and on the date of the

delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, such Official Statement did not and does not contain an 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 the light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in such Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

The financial data and other information continued in this Official Statement 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 Certificates 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 Certificates by the Initial Purchaser.

Mayor
City of Farmers Branch, Texas

ATTEST:

City Secretary

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

THE CITY

The City of Farmers Branch (the “City”) is conveniently located on Dallas’ northern border, in the heart of an 11-county area that has emerged as a premier commercial, financial and trading center. This favorable business climate is driven by the City’s location, as it is bordered by two major interstate highways and the Dallas North Tollway, and is minutes from the Dallas/Fort Worth International Airport, Dallas Love Field, and downtown Dallas. The City’s broadly diversified economic base supports home furnishings, financial, high-tech, insurance, and telecommunications industries and includes many of the nation’s foremost businesses. Some of the reasons that these enterprises chose the City as a local or regional business center include: the City’s strategic Southwest location, convenience to local and worldwide transportation, low municipal tax rate, abundant labor, educational and cultural resources, and overall quality of life.

Three creeks traverse the City and there are more than 20 parks filled with picnic areas, bridges, playgrounds, walking areas and natural surroundings dependent upon where a family resides. Farmers Branch has preserved history in its 22-acre Historical Park which takes visitors on a “walk back through time” to the days of the early settlers in the 1800s. The Historical Park is also the site for many of the City’s special events and may be reserved for weddings, parties, family reunions or other special gatherings.

EDUCATION

Education for the school age children in Farmers Branch is provided by two different school districts dependent upon where the family resides. The City is served by the Carrollton-Farmers Branch and Dallas Independent School Districts. The majority of the City’s residents are part of the Carrollton-Farmers Branch Independent School District, which encompasses a 53.42 square mile area and provides a quality educational system that believes in the importance of a strong community-school relationship. This belief combined with a strong financial base makes the Carrollton-Farmers Branch Independent School District a star attraction in the Dallas-Fort Worth Metroplex. The District created the R.L. Turner High School Academies for Biomedical Professions and Media Arts & Technology to serve growing demand for these professions.

Nine major Texas universities and colleges are located within easy driving distance of Farmers Branch. They include Brookhaven Community College, the University of Dallas, Texas Christian University, Texas Woman’s University, Southern Methodist University, the University of North Texas, the University of Texas at Arlington, the University of Texas Southwest Medical Center, and the University of Texas at Dallas.

PRINCIPAL EMPLOYERS

Employer	Product/Service	Number of Employees
JPMorgan Chase Investment Services	Financial Services	2,390
IBM Corporation	Office Products	1,870
Federal Government - Internal Revenue Service	Government	1,200
GEICO	Insurance	1,088
Telvista	Telecommunications	1,000
TD Industries	Mechanical Construction	900
Haggar Clothing Company	Clothing Manufacturer	750
Monitronics International Inc.	Security Systems Alarm Monitoring	700
Encore Enterprises, Inc.	Real Estate and Property Management Services	650
Glazer's Wholesale Drug Company	Spirits and Wine Wholesale Distribution	650

EMPLOYMENT

Unemployment figures in Farmers Branch are as follows:

	February	Annual Averages				
	2016	2015	2014	2013	2012	2011
Civilian Labor Force	17,483	17,205	16,876	16,450	15,314	15,195
Total Employed	16,893	16,554	16,059	15,511	14,295	14,060
Total Unemployed	590	651	817	939	1,019	1,135
Unemployment Rate	3.4%	3.8%	4.8%	5.7%	6.7%	7.5%

Source: Texas Workforce Commission.

BUILDING PERMITS

Fiscal Year	Residential		Commercial		Total	
	Number of Permits	Value	Number of Permits	Value	Number of Permits	Value
2012	227	\$ 14,178,966	257	\$ 89,920,524	484	\$ 104,099,490
2013	217	12,043,400	231	71,364,637	448	83,408,037
2014	240	11,536,117	260	41,805,863	500	53,341,980
2015	241	8,037,853	296	172,501,817	537	180,539,670
2016 ⁽¹⁾	118	3,756,332	157	20,654,169	275	24,410,501

(1) Permits through March 28, 2016.

APPENDIX B

EXCERPTS FROM THE
CITY OF FARMERS BRANCH, TEXAS
ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2015

The information contained in this Appendix consists of excerpts from the City of Farmers Branch, Texas Annual Financial Report for the Year Ended September 30, 2015, 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

**NOTICE OF SALE
AND
BIDDING INSTRUCTIONS**

ON

\$2,600,000*
CITY OF FARMERS BRANCH, TEXAS
(Dallas County)

COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016

Sealed Bids Due Tuesday, May 3, 2016, at 10:00 A.M., CDT

THE CERTIFICATES WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS"
FOR FINANCIAL INSTITUTIONS

THE SALE

CERTIFICATES OFFERED FOR SALE AT COMPETITIVE BIDDING . . . The City of Farmers Branch, Texas (the "City"), is offering for sale its \$2,600,000* Combination Tax and Revenue Certificates of Obligation, Series 2016 (the "Certificates"). Bidders may submit bids for the Certificates by any of the following methods:

- (1) Submit bids electronically as described below in "Electronic Bidding Procedures;" or
- (2) Submit bids by telephone or facsimile as described below in "Bids by Telephone or Facsimile."

ELECTRONIC BIDDING PROCEDURE . . . Any prospective bidder that intends to submit an electronic bid must submit its electronic bid through the facilities of PARITY. Subscription to i-Deal's BIDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will neither confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. Bidders submitting an electronic bid shall not be required to submit Official Bid Forms prior to award.

An electronic bid made through the facilities of PARITY shall be deemed an irrevocable offer to purchase the Certificates on the terms provided in this Notice of Sale and Bidding Instructions, and shall be binding upon the bidder as if made by a signed, sealed bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by, or as a result of the use of the facilities of, PARITY, the use of such facilities being the sole risk of the prospective bidder.

If any provisions of this Notice of Sale shall conflict with information provided by PARITY as the approved provider of electronic bidding services, this Notice of Sale and Bidding Instructions shall control. Further information about PARITY, including any fee charged, may be obtained from Parity Customer Support, 40 West 23rd Street, 5th Floor, New York, New York 10010, (212) 404-8102.

For purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by PARITY shall constitute the official time. For information purposes only, bidders are requested to state in their electronic bids the true interest cost to the City, as described under "Basis for Award" below. All electronic bids shall be deemed to incorporate the provisions of this Notice of Sale, Bidding Instructions and the Official Bid Form.

BIDS BY TELEPHONE OR FACSIMILE . . . Bidders must submit, prior to May 3, 2016, SIGNED Official Bid Forms to Marti Shew, FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest"), 1201 Elm Street, Suite 3500, Dallas, Texas 75270, and submit their bid by telephone or facsimile (fax) on the date of the bid opening.

Telephone bids will be accepted by Marti Shew at (214) 953-8853, between 9:00 A.M. CDT and 10:00 A.M. CDT on May 3, 2016.

Fax bids must be received between 9:00 A.M. CDT and 10:00 A.M. CDT, on May, 3, 2016 at (214) 953-4050, attention Marti Shew.

Bids by delivery shall not be allowed.

FirstSouthwest will not be responsible for submitting any bids received after the above deadlines.

The City and FirstSouthwest are not responsible if such telephone or facsimile numbers are busy, thereby preventing a bid or bids from being submitted on a timely basis.

The City and FirstSouthwest are not responsible for any failure of their, the City's or the sender's fax machine, any failed delivery of a fax, any incomplete or ambiguous transmittals, or the disclosure of the bid to any persons prior to bid opening. If any portion of a faxed bid is illegible, the City and FirstSouthwest may, at their option, either call any provided reference number for clarification or reject the bid. **BIDDERS WHO FAX BIDS DO SO AT THEIR OWN RISK. ALL SUCH BIDS SHALL BE BINDING ON THE BIDDER.** The City and FirstSouthwest assume no responsibility or liability with respect to any irregularities associated with the submission of the bids.

* Preliminary, subject to change. See "The Certificates – Adjustment of Principal Amount and/or Types of Bids."

PLACE AND TIME OF BID OPENING . . . The bids for the Certificates will be publicly opened and read in the office of FirstSouthwest (the “Financial Advisor”) at 10:00 A.M., CDT, Tuesday, May 3, 2016.

AWARD OF THE CERTIFICATES . . . The City Council will take action to award the Certificates (or reject all bids) at a meeting scheduled to convene at 6:30 P.M., CDT, on the date of the bid opening, and adopt an ordinance (the “Ordinance”) authorizing the Certificates and approving the official statement relating to the Certificates (the “Official Statement”) and authorizing the use of the accompanying Preliminary Official Statement in connection with the sale of the Certificates.

THE CERTIFICATES

DESCRIPTION . . . The Certificates will be dated as of the Date of Delivery. Interest will accrue from the Date of Delivery and will be due on November 1, 2016, and each May 1 and November 1 thereafter until the earlier of maturity or prior redemption. The Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity. The Certificates will mature on May 1 in each year as follows:

MATURITY SCHEDULE*

<u>Maturity (May 1)</u>	<u>Principal Amount</u>	<u>Maturity (May 1)</u>	<u>Principal Amount</u>
2017	\$ 115,000	2027	\$ 130,000
2018	110,000	2028	130,000
2019	115,000	2029	135,000
2020	115,000	2030	135,000
2021	115,000	2031	140,000
2022	115,000	2032	145,000
2023	120,000	2033	145,000
2024	120,000	2034	150,000
2025	125,000	2035	155,000
2026	125,000	2036	160,000

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on and after May 1, 2027, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on May 1, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (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..

ADJUSTMENT OF PRINCIPAL AMOUNTS AND/OR TYPES OF BIDS . . . Prior to 2:00 PM CDT on the day before the bids are due, the City may, in its sole discretion, adjust the principal amount set forth above (the “Maturity Schedule”) and/or the type of bid required on the Certificates. FirstSouthwest, as Financial Advisor to the City, will give notice of any such adjustment by Bloomberg and Parity. Should such adjustments be made, a revised Official Bid Form will be made available through i-Deal Prospectus and PARITY. For purpose of this paragraph, the term “Maturity Schedule” shall include any adjustments to the principal amounts shown above including the total par amount so made by the City by posting a Parity and Bloomberg Wire. **Also see “Conditions of the Sale” herein.**

After final computation of the Bids, the City reserves the right to adjust the Total Par Amount by up to 15% without permission of the successful bidder. Such adjustment(s), if any, shall be made within 4 hours of the award of the Certificates. **THE SUCCESSFUL BIDDER MAY NOT WITHDRAW ITS BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE REVISED AMOUNTS WITHIN THESE LIMITS.** The dollar amount bid by the successful bidder will be adjusted to reflect changes in the aggregate principal amounts of the Certificates. Such adjusted bid price will reflect changes in the dollar amount of the underwriter’s discount and the original issue discount/premium, if any, but will not change the selling compensation per \$1,000 of par amount of Certificates from the selling compensation that would have been received based on the purchase price in the winning bid and initial reoffering prices. In the event of any adjustment of the maturity schedule for the Certificates as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Any such adjustment of the aggregate principal amount of the Certificates and/or the maturity schedules for the Certificates made by the City or its Financial Advisor shall be subsequent to the award of

* Preliminary, subject to change. See “The Certificates – Adjustment of Principal Amount and/or Types of Bids.”

the Certificates to the winning bidder as determined pursuant to “CONDITIONS OF THE SALE – BASIS FOR AWARD” herein and shall not affect such determination. The successful Bidder may not withdraw its bid as a result of any changes made within the aforementioned limits.

SERIAL CERTIFICATES AND/OR TERM CERTIFICATES . . . Bidders may provide that all of the Certificates be issued as serial Certificates or may provide that any two or more consecutive annual principal amounts be combined into one or more term Certificates.

MANDATORY SINKING FUND REDEMPTION . . . If the successful bidder elects to alter the Maturity Schedule reflected above and convert the principal amounts of the serial Certificates maturing in the years 2017 through 2036 into “Term Certificates”, such “Term Certificates” shall be subject to mandatory redemption on the first May 1 next following the last maturity for serial Certificates, and annually thereafter on each May 1 until the stated maturity for the Term Certificates at the redemption price of par plus accrued interest to the date of redemption. The principal amounts of the Term Certificates to be redeemed on each mandatory redemption date shall be the principal amounts that would have been due and payable in the Maturity Schedule shown above had no designation of such maturities as Term Certificates occurred.

Approximately thirty (30) days prior to each mandatory redemption date for the Term Certificates, the Paying Agent/Registrar shall select by lot the numbers of the Term Certificates within the applicable Stated Maturity to be redeemed on the next following February 15 from moneys set aside for that purpose in the Interest and Sinking Fund (as defined in the Ordinance). Any Term Certificate not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Term Certificates required to be redeemed pursuant to the operation of such mandatory redemption provisions may be reduced, at the option of the City, by the principal amount of the Term Certificates of the same maturity which at least forty-five (45) days prior to a mandatory redemption date shall have been acquired by the City at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof and delivered to the Paying Agent/Registrar for cancellation.

The final Official Statement will incorporate the mandatory redemption provisions for the Certificates in the event the successful bidder elects to convert serial maturities into one or more Term Certificates.

BOOK-ENTRY-ONLY SYSTEM . . . The City intends to utilize the Book-Entry-Only System of The Depository Trust Company (“DTC”). See “The Certificates – Book-Entry-Only System” in the Preliminary Official Statement.

PAYING AGENT/REGISTRAR . . . The initial Paying Agent/Registrar shall be The Bank of New York Mellon Trust Company, Dallas, Texas (see “The Certificates - Paying Agent/Registrar” in the Preliminary Official Statement).

SOURCE OF PAYMENT . . . The Certificates constitute direct obligations of the City, payable from (i) the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property within the City, as provided in the Certificate Ordinance and (ii) a limited pledge, in an amount not to exceed \$1,000, of the Surplus Revenues of the City’s Waterworks and Sewer System.

Further details regarding the Certificates are set forth in the Preliminary Official Statement.

CONDITIONS OF THE SALE

TYPE OF BIDS AND INTEREST RATES . . . The Certificates will be sold in one block on an “All or None” basis, and at a price of not less than _____% of par and not more than _____% of par from the Date of Delivery of the Certificates. Bidders are invited to name the rate(s) of interest to be borne by the Certificates, provided that each rate bid must be in a multiple of 1/8 of 1% or 1/100 of 1% and the net effective interest rate must not exceed 15%. The highest rate bid may not exceed the lowest rate bid by more than 3% in rate. **The winning bidder will be required to submit reoffering yields and dollar prices prior to award.** No limitation is imposed upon bidders as to the number of rates or changes which may be used. All Bonds of one maturity must bear one and the same rate. No bids involving supplemental interest rates will be considered. Each bidder shall state in the bid the total interest cost in dollars and the net effective interest rate determined thereby (calculated in the manner prescribed by Chapter 1204, Texas Government Code), which shall be considered informative only and not as a part of the bid. In the event of a bidder’s error in interest cost rate calculations the interest rates set forth in the Official Bid Form will be considered as the intended bid. Also see “ADJUSTMENT OF PRINCIPAL AMOUNTS AND/OR TYPES OF BIDS”.

BASIS FOR AWARD . . . Subject to the City's right to reject any or all bids and to waive any irregularities except time of filing, the sale of the Certificates will be awarded to the bidder or syndicate account manager whose name first appears on the Official Bid Form (the “Purchaser” or “Initial Purchaser”) making a bid that conforms to the specifications herein and which produces the lowest True Interest Cost rate to the City. The True Interest Cost rate is that rate which, when used to compute the total present value as of the Date of Delivery of all debt service payments on the Certificates on the basis of semi-annual compounding, produces an amount equal to the sum of the par value of the Certificates plus any premium bid, if any (but not interest accrued from the Dated Date to the date of their delivery). In the event of a bidder's error in interest cost rate calculations, the interest rates, and premium, if any, set forth in the Official Bid Form will be considered as the intended bid.

ADDITIONAL CONDITION OF AWARD — DISCLOSURE OF INTERESTED PARTY FORM

New obligation of the City to receive information from winning bidder. Effective January 1, 2016, pursuant to Texas Government Code Section 2252.908 (the "Interested Party Disclosure Act"), the City may not award the Bonds to the winning bidder unless the bidder submits a Bond of Interested Parties Form 1295 (the "Disclosure Form") to the City as prescribed by the Texas Ethics Commission ("TEC") see "Official Bid Form". In the event that the bidder's bid for the Bonds conforms to the specifications herein and which produces the lowest True Interest Cost Rate to the City, the City, acting through its financial advisor, will promptly notify the bidder. **That notification will serve as the conditional verbal acceptance of the bid, and will obligate the bidder to promptly file a completed Disclosure Form, as described below, in order to complete the award. For purposes of this obligation, "promptly filing" means the submission by the winning bidder and each syndicate member listed on the Official Bid Form of the completed, notarized Disclosure Form to the City within two (2) hours of receiving the conditional verbal response.**

Selection of Alternate Winning Bid. If the apparent winning bidder and each syndicate member listed on the Official Bid Form fail to promptly file the Disclosure Form, the City reserves the right to reject such bid and, through its financial advisor, provide conditional verbal acceptance to the bidder submitting a bid, conforming to the specifications herein, which produces the next, lowest True Interest Cost rate to the City.

Process for completing the Disclosure Form. Reference should be made to the Disclosure Form, the rules of the TEC with respect to the Disclosure Form (the "Disclosure Rules") and the Interested Party Disclosure Act. Instructional information regarding such matters are set forth at https://www.ethics.state.tx.us/whatsnew/elf_info_form1295.htm. For purposes of completing the Disclosure Form the Initial Purchaser will need the following information: (a) item 2 – name of governmental entity: City of Farmers Branch, Texas and (b) item 3 – the identification number assigned to this contract by the City: "_____", and a description of the services to be provided under the contract: Purchase of Bonds. The Interested Party Disclosure Act and the Disclosure Rules require a business entity contracting with the City to complete the form at the electronically at www.ethics.state.tx.us.

Following the electronic filing with the TEC, the winning bidder must submit an electronic copy of their completed Disclosure Form and certification of filing to the City at charles.cox@farmersbranchtx.gov and the City's Financial Advisor at marti.shew@hilltopsecurities.com within 15 minutes.

Originals of the completed Disclosure Form and the certification of filing must be physically delivered to the City within two business days of the award at the following address: City of Farmers Branch, Texas, P.O. Box 819010, Farmers Branch, Texas 75381-9010 Attention: Charles Cox.

Preparations for completion, and the significance of, the reported information. In accordance with the Interested Party Disclosure Act, the information reported by the bidder **MUST BE ACKNOWLEDGED BY AND SUBMITTED UNDER A NOTARY STAMP**. No exceptions may be made to that requirement. The Interested Party Disclosure Act provides that such acknowledgment is made "under oath and under penalty of perjury." **Consequently, a bidder should take appropriate steps prior to completion of the Disclosure Form to familiarize itself with the Interested Party Disclosure Act, the Disclosure Rules and the Disclosure Form.** Time will be of the essence in submitting the form to the City, and no award will be made by the City of the Bonds until a completed Disclosure Form from the winning bidder is received. The City reserves the right to reject any bid that is not accompanied by a completed Disclosure Form, as described herein. Neither the City nor its consultants have the ability to verify the information included in a Disclosure Form, and neither have an obligation nor undertake responsibility for advising any bidder with respect to the proper completion of the Disclosure Form. Consequently, an entity intending to bid on the Bonds should consult its own advisors to the extent it deems necessary and be prepared to submit the completed form promptly upon notification from the City that its bid is the conditional winning bid.

GOOD FAITH DEPOSIT . . . A Good Faith Deposit, payable to the "City of Farmers Branch, Texas", in the amount of \$52,000.00, is required. Such Good Faith Deposit shall be a bank cashier's check or certified check, which is to be retained uncashed by the City pending the Purchaser's compliance with the terms of the bid and this Notice of Sale and Bidding Instructions. The Good Faith Deposit may accompany the Official Bid Form or it may be submitted separately. If submitted separately, it shall be made available to the City prior to the opening of the bids, and shall be accompanied by instructions from the bank on which drawn which authorize its use as a Good Faith Deposit by the Purchaser who shall be named in such instructions. **The Good Faith Deposit of the Purchaser will be returned to the Purchaser upon payment for the Certificates.** No interest will be allowed on the Good Faith Deposit. In the event the Purchaser should fail or refuse to take up and pay for the Certificates in accordance with the bid, then the Good Faith Deposit shall be cashed and accepted by the City as full and complete liquidated damages. The checks accompanying bids other than the winning bid will be returned immediately after the bids are opened and an award of the Certificates has been made.

DELIVERY OF THE CERTIFICATES AND ACCOMPANYING DOCUMENTS

CUSIP NUMBERS . . . It is anticipated that CUSIP identification numbers will appear on the Certificates, but neither the failure to print or type such number on any Certificate nor any error with respect thereto shall constitute cause for a failure or refusal by the Purchaser to accept delivery of and pay for the Certificates in accordance with the terms of this Notice of Sale and Bidding Instructions and the terms of the Official Bid Form. All expenses in relation to the printing or typing of CUSIP numbers on the Certificates shall be paid by the City; provided, however, that the CUSIP Service Bureau charge for the assignment of the numbers shall be the responsibility of and shall be paid for by the City.

DELIVERY OF CERTIFICATES . . . Initial delivery of the Certificates (the "Initial Delivery") will be accomplished by the issuance of one Initial Certificate (the "Initial Certificate"), either in typed or printed form, in the aggregate principal amount of \$2,600,000* (or such other amount in the event the City elects to adjust the principal amount set forth under "MATURITY SCHEDULE" as described under "Adjustments of Principal Amounts and/or Types of Bids"), payable in stated installments to the Purchaser or its designee, signed by the Mayor and City Secretary, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts. Upon delivery of the Initial Certificate, it shall be immediately cancelled and one definitive Certificate for each maturity will be registered and delivered only to Cede & Co., and deposited with DTC in connection with DTC's Book-Entry-Only System. Initial Delivery will be at the principal office of the Paying Agent/Registrar. Payment for the Certificates must be made in immediately available funds for unconditional credit to the City, or as otherwise directed by the City. The Purchaser will be given six business days' notice of the time fixed for delivery of the Certificates. It is anticipated that delivery of the Certificates can be made on or about June 2, 2016, and it is understood and agreed that the Purchaser will accept delivery and make payment for the Certificates by 10:00 AM, CDT, on June 2, 2016, or thereafter on the date the Certificates are tendered for delivery, up to and including June 16, 2016. If for any reason the City is unable to make delivery on or before June 16, 2016, the City shall immediately contact the Purchaser and offer to allow the Purchaser to extend its offer for an additional thirty days. If the Purchaser does not elect to extend its offer within six days thereafter, then its Good Faith Deposit will be returned, and both the City and the Purchaser shall be relieved of any further obligation. In no event shall the City be liable for any damages by reason of its failure to deliver the Certificates, provided such failure is due to circumstances beyond the City's reasonable control.

CONDITIONS TO DELIVERY . . . The obligation of the Purchaser to take up and pay for the Certificates is subject to the Purchaser's receipt of (a) the legal opinion of Bracewell LLP, Bond Counsel for the City ("Bond Counsel"), (b) the City's no-litigation certificate, and (c) the City's certification as to the Official Statement, all as further described in the Official Statement.

In order to provide the City with information required to enable it to comply with certain conditions of the Internal Revenue Code of 1986 relating to the exemption of interest on the Certificates from the gross income of their owners, the Purchaser will be required to complete, execute, and deliver to the City (on or before the 6th business day prior to the delivery of the Certificates) a certification as to their "issue price" substantially in the form and to the effect attached to this Notice of Sale and Bidding Instructions. In the event the Initial Purchaser is unable to sell a substantial amount of the Certificates of any stated maturity to the public, such certificate may be modified in a manner approved by the City and Bond Counsel. **In no event will the City fail to deliver the Certificates as a result of the Purchaser's inability to sell a substantial amount of the Certificates at a particular price prior to delivery.** Each bidder, by submitting its bid, agrees to complete, execute, and deliver such a certificate at least six business days prior to the date of delivery of the Certificates, if its bid is accepted by the City. It will be the responsibility of the Purchaser to institute such syndicate reporting requirements to make such investigation, or otherwise to ascertain the facts necessary to enable it to make such certification with reasonable certainty. Any questions concerning such certification should be directed to Bond Counsel.

LEGAL OPINIONS . . . The Certificates are offered when, as and if issued, subject to the approval of the Attorney General of the State of Texas. Delivery of and payment for the Certificates is subject to the receipt by the Purchaser of an opinion of Bond Counsel substantially in the form reproduced in Appendix C to the Official Statement, to the effect that the Certificates are valid and binding obligations of the City and that the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters" in the Official Statement, including alternative minimum tax consequences for corporations.

CERTIFICATION OF OFFICIAL STATEMENT . . . At the time of payment for and Initial Delivery of the Certificates, the City will execute and deliver to the Purchaser a certificate in the form set forth in the Official Statement under "Other Information – Certification as to Official Statement".

CHANGE IN TAX EXEMPT STATUS . . . At any time before the Certificates are tendered for delivery, the Purchaser may withdraw its bid if the interest received by private holders on obligations of the same type and character as the Certificates shall be declared to be includable in gross income under present federal income tax laws, either by ruling of the Internal Revenue Service or by a decision of any federal court, or shall be declared taxable or be required to be taken into account in computing any federal income taxes, by the terms of any federal income tax law enacted subsequent to the date of this Notice of Sale and Bidding Instructions.

* Preliminary, subject to change.

GENERAL

FINANCIAL ADVISOR . . . FirstSouthwest, a Division of Hilltop Securities Inc. (“FirstSouthwest”) is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. The Financial Advisor has performed a professional review of the Preliminary Official Statement in accordance with industry standards, and, as part of its responsibilities to the City and, as applicable, to the 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 the information. FirstSouthwest, 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 Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

BLUE SKY LAWS . . . By submission of its bid, the Purchaser represents that the sale of the Certificates in states other than Texas will be made only pursuant to exemptions from registration or, where necessary, the Purchaser will register the Certificates in accordance with the securities law of the states in which the Certificates are offered or sold. The City agrees to cooperate with the Purchaser, at the Purchaser's written request and sole expense, in registering the Certificates or obtaining an exemption from registration in any state where such action is necessary, provided, however, that the City shall not be obligated to qualify as a foreign corporation or to execute a general or special consent to service of process in any such jurisdiction.

NOT AN OFFER TO SELL . . . This Notice of Sale and Bidding Instructions does not alone constitute an offer to sell the Certificates, but is merely notice of the sale of the Certificates. The offer to sell the Certificates is being made by means of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement. Prospective purchasers are urged to carefully examine the Preliminary Official Statement to determine the investment quality of the Certificates.

ISSUANCE OF ADDITIONAL DEBT . . . The City does not anticipate the issuance of additional general obligation debt within the next 12 months.

RATINGS . . . The presently outstanding tax supported debt of the City is rated “AA+” by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business (“S&P”) and “AA+” by Fitch Ratings, Inc. (“Fitch”) , without regard to credit enhancement. Applications have been made to S&P and Fitch for contract ratings on the Certificates.

THE PRELIMINARY OFFICIAL STATEMENT AND COMPLIANCE WITH SEC RULE 15c2-12 . . . The City has prepared the accompanying Preliminary Official Statement and, for the limited purpose of complying with SEC Rule 15c2-12 (the “Rule”), deems such Preliminary Official Statement to be final as of its date within the meaning of the Rule for the purpose of review prior to bidding. To the knowledge and belief of the City, the Preliminary Official Statement contains information, including financial information or operating data, concerning every entity, enterprise, fund, account, or person that is material to an evaluation of the offering of the Certificates. Representations made and to be made by the City concerning the absence of material misstatements and omissions in the Preliminary Official Statement are addressed elsewhere in this Notice of Sale and Bidding Instructions and in the Preliminary Official Statement.

The City will furnish to the Purchaser, acting through a designated senior representative, in accordance with instructions received from the Purchaser, copies of the final Official Statement (which final Official Statement will contain the final interest rates and other terms relating to the initial reoffering of the Certificates) in such quantity and in the formats as the Purchaser shall request in order for the Purchaser to comply with Section (b)(4) of the Rule and the rules of the Municipal Securities Rulemaking Board; provided, however, that the cost of any Official Statements in excess of 150 shall be prepared and distributed at the cost of the Purchaser. The Purchaser shall be responsible for providing in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by the close of the next business day after the award. Except as noted above, the City assumes no responsibility or obligation for the distribution or delivery of any copies of the Official Statement in connection with the offering or reoffering of the Certificates.

CONTINUING DISCLOSURE AGREEMENT . . . The City has agreed in the Ordinance to provide certain periodic information and notices of certain specified events in accordance with the Rule, as described in the Preliminary Official Statement under “Continuing Disclosure of Information”. The Purchaser's obligation to accept and pay for the Certificates is conditioned upon delivery to the Purchaser or its agent of a certified copy of the Ordinance containing the agreement described under such heading.

COMPLIANCE WITH PRIOR UNDERTAKINGS . . . During the previous five years, the City has substantially complied in all material respects with all continuing disclosure agreements made by it in accordance with SEC Rule 15c2-12.

ADDITIONAL COPIES OF NOTICE, BID FORM AND STATEMENT . . . A limited number of additional copies of this Notice of Sale and Bidding Instructions, the Official Bid Form and the Preliminary Official Statement, as available over and above the normal mailing, may be obtained at the offices of FirstSouthwest, a Division of Hilltop Securities Inc., 1201 Elm Street, Suite 3500, Dallas, Texas 75270, Financial Advisor to the City.

On the date of the sale, the City Council will, in the Certificate Ordinance, confirm its approval of the form and content of the Preliminary Official Statement, and any addenda, supplement or amendment thereto, and authorize its use in the reoffering of the Certificates by the Purchaser.

BOB PHELPS
Mayor
City of Farmers Branch, Texas

ATTEST:

AMY PIUKANA
City Secretary

_____, 2016

OFFICIAL BID FORM

Honorable Mayor and City Council
 City of Farmers Branch, Texas

May 3, 2016

Members of the City Council:

Reference is made to your Preliminary Official Statement and Notice of Sale and Bidding Instructions, dated _____, 2016 of \$2,600,000 CITY OF FARMERS BRANCH, TEXAS COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016, both of which constitute a part hereof.

For your legally issued Certificates, as described in said Notice of Sale and Bidding Instructions and Preliminary Official Statement, we will pay you the par value thereof plus a cash premium of \$_____ from the date of delivery to us, maturing and bearing interest as follows:

Maturity (May 1)	Principal Amount	Interest Rate	Maturity (May 1)	Principal Amount	Interest Rate
2017	\$ 115,000	_____	2027	\$ 130,000	_____
2018	110,000	_____	2028	130,000	_____
2019	115,000	_____	2029	135,000	_____
2020	115,000	_____	2030	135,000	_____
2021	115,000	_____	2031	140,000	_____
2022	115,000	_____	2032	145,000	_____
2023	120,000	_____	2033	145,000	_____
2024	120,000	_____	2034	150,000	_____
2025	125,000	_____	2035	155,000	_____
2026	125,000	_____	2036	160,000	_____

Our calculation (which is not a part of this bid) of the interest cost from the above is:

TRUE INTEREST COST _____%

The Initial Certificate shall be registered in the name of _____, which will, upon payment for the Certificates, be cancelled by the Paying Agent/Registrar. The Certificates will then be registered in the name of Cede & Co. (DTC's partnership nominee), under DTC's Book-Entry-Only System.

A bank cashier's check or certified check of the _____ Bank, _____, in the amount of \$52,000.00, which represents our Good Faith Deposit (is attached hereto) or (has been made available to you prior to the opening of this bid), and is submitted in accordance with the terms as set forth in the Preliminary Official Statement and Notice of Sale and Bidding Instructions.

We agree to accept delivery of the Certificates utilizing the Book-Entry-Only System through DTC and make payment for the Certificate in immediately available funds to The Bank of New York Mellon Trust Company, Dallas, Texas, not later than 10:00 AM, CDT, on June 3, 2016, or thereafter on the date the Certificates are tendered for delivery, pursuant to the terms set forth in the Notice of Sale and Bidding Instructions. It will be the obligation of the Purchaser of the Certificates to complete the DTC Eligibility Questionnaire.

The undersigned agrees to complete, execute, and deliver to the City, at least six business days prior to delivery of the Certificates, a Certificate relating to the "issue price" of the Certificates in the form and to the effect accompanying the Notice of Sale and Bidding Instructions, with such changes thereto as may be acceptable to the City.

The undersigned has submitted, or upon notification that it is the apparent winning bidder will submit, in accordance with the requirements in the Notice of Sale (i) an electronic form of the Certificate of Interested Parties Form 1295 (the "Disclosure Form") through the Texas Ethics Commission's (the "TEC") electronic portal and (ii) the Disclosure Form and certification of filing that is generated by the TEC's electronic portal to the City, all as required by and in accordance with Section 2252.908 of the Texas Government Code, and the TEC's rules promulgated thereunder. The undersigned understands that the failure to provide the Disclosure Form and certification of filing will prohibit the County from accepting the enclosed bid.

We agree to provide in writing the initial reoffering prices and other terms, if any, to the Financial Advisor by 10:00 AM, CDT, or within 30 minutes of being notified on the sale date.

Respectfully submitted,

Syndicate Members:

Name of Underwriter or Manager

Authorized Representative

Phone Number

Signature

ACCEPTANCE CLAUSE

The above and foregoing bid is hereby in all things accepted by the City of Farmers Branch, Texas, subject to and in accordance with the Notice of Sale and Bidding Instructions, this the 3rd day of May, 2016.

ATTEST:

Mayor
City of Farmers Branch, Texas

City Secretary
City of Farmers Branch, Texas

ISSUE PRICE CERTIFICATE

The undersigned hereby certifies with respect to the sale of CITY OF FARMERS BRANCH, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016 (the "Certificates"), issued in aggregate principal amount of \$2,600,000, as follows:

1. The undersigned is the duly authorized representative of the purchaser (the "Purchaser") of the Certificates from the City of Farmers Branch, Texas (the "Issuer").
2. All of the Certificates have been offered to members of the public in a bona fide initial offering. For purposes of this Issue Price Certificate, the term "public" does not include any bondhouses, brokers, dealers, and similar persons or organizations acting in the capacity of underwriters or wholesalers (including the Purchaser or members of the selling group or persons that are related to, or controlled by, or acting on behalf of or as agents for the undersigned of members of the selling group.)
3. Each maturity of the Certificates was offered to the public at a price which, on the date of such offering, was reasonably expected by the Purchaser to be equal to the fair market value of such maturity.
4. Other than the obligations set forth in paragraph 5 hereof (the "Retained Maturity" or "Retained Maturities"), the first price/yield at which a substantial amount (i.e., at least ten (10) percent) of the principal amount of each maturity of the Certificates was sold to the public is set forth below.

Principal Amount Maturing	Maturity (May 1)	Offering Price (% / Yield)	Principal Amount Maturing	Maturity (May 1)	Offering Price (% / Yield)
\$ 115,000	2017	_____	\$ 130,000	2027	_____
110,000	2018	_____	130,000	2028	_____
115,000	2019	_____	135,000	2029	_____
115,000	2020	_____	135,000	2030	_____
115,000	2021	_____	140,000	2031	_____
115,000	2022	_____	145,000	2032	_____
120,000	2023	_____	145,000	2033	_____
120,000	2024	_____	150,000	2034	_____
125,000	2025	_____	155,000	2035	_____
125,000	2026	_____	160,000	2036	_____

5. In the case of the Retained Maturities, the Purchaser reasonably expected on the offering date to sell a substantial amount (i.e., at least ten (10) percent) of each Retained Maturity at the initial offering price/yield as set forth below:

Maturity	Principal Amount	Price/Yield
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

6. Based on the foregoing, the aggregate of such initial offering prices of all of the Certificates is \$_____ (the "Issue Price").
7. The Purchaser understands that the statements made herein will be relied upon, by the Issuer in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, and by Bond Counsel in rendering their opinion that the interest on the Certificates is excludable from gross income and its preparation of the Internal Revenue Service Form 8038-G. The Purchaser makes no representation as to the legal sufficiency of the factual matters set forth herein.

EXECUTED and DELIVERED this _____ day of _____, 2016.

(Name of Underwriter or Manager)

By

(Title)



City of Farmers Branch

Farmers Branch City Hall
13000 Wm Dodson Pkwy
Farmers Branch, Texas
75234

Staff Report

File Number: 16-127

Agenda Date: 5/3/2016

Version: 1

Status: Closed Session

In Control: City Council

File Type: Report

Agenda Number: J.1

Council may convene into a closed executive session pursuant to Section 551.087 of the Texas Government Code to deliberate regarding:

- *Discuss Economic Development Incentive for Project Echo*

City Council may convene into a closed executive session pursuant to Section 551.072 of the Texas Government Code to deliberate regarding:

- *Discuss the purchase, exchange, lease, or sale of real property located north of Farmers Branch Lane, east of Josey Lane, west of Denton Drive, and south of Valley View Lane*

Council may convene into closed executive session pursuant to Section 551.074 of the Texas Government Code to deliberate regarding:

- *Personnel Matters - Discussion of appointment of a City Manager*