

**CITY OF GONZALES, TEXAS
CITY COUNCIL MEETING
GONZALES MUNICIPAL BUILDING 820 ST. JOSEPH STREET
AGENDA –JULY 8, 2021 6:00 P.M.**

CALL TO ORDER, INVOCATION, AND PLEDGES OF ALLEGIANCE

CITY EVENTS AND ANNOUNCEMENTS

- Announcements of upcoming City Events
- Announcements and recognitions by the City Manager
- Announcements and recognitions by the Mayor
- Recognition of actions by City employees
- Recognition of actions by community volunteers

HEARING OF RESIDENTS

This time is set aside for any person who wishes to address the City Council. Each person should fill out the speaker's register prior to the meeting. Presentations should be limited to no more than 3 minutes.

All remarks shall be addressed to the Council as a body, and not to any individual member thereof. Any person making personal, impertinent, or slanderous remarks while addressing the Council may be requested to leave the meeting.

Discussion by the Council of any item not on the agenda shall be limited to statements of specific factual information given in response to any inquiry, a recitation of existing policy in response to an inquiry, and/or a proposal to place the item on a future agenda. The presiding officer, during the Hearing of Residents portion of the agenda, will call on those persons who have signed up to speak in the order they have registered.

CONSENT AGENDA ITEMS

The Consent Agenda is considered self-explanatory and will be enacted by the Council with one motion. There will be no separate discussion of these items unless they are removed from the Consent Agenda upon the request of the Mayor or a Councilmember.

- 1.1 **Minutes** - Approval of the minutes for the June 10, 2021 Regular Meeting, June 24, 2021 Special Meeting and the June 29, 2021 Special Meeting
- 1.2 Discuss, Consider & Possible Action on **Resolution #2021-48** Approving A Type B Economic Development Agreement by and between the Gonzales Economic Development Corporation and Laurel Ridge Designs, Inc., a Texas Corporation, Authorized Pursuant to Section 505.158 of the Texas Local Government Code-**SECOND READING**

ACTION ITEMS

- 2.1 Discuss, Consider & Possible Action on **Resolution #2021-55** Authorizing the City Manager to Negotiate and Enter into an Agreement for Professional Auditing Services with ABIP, PC.

- 2.2 Discuss, Consider & Possible Action on **Resolution #2021-56** Authorizing Gonzales County Historical Commission the use of Market Square including designated street closures for the Timeline to Texas Independence – Living History event on October 2, 2021
- 2.3 Discuss, Consider & Possible Action on **Resolution #2021-57** Authorizing Publication of Notice of Intention to Issue Certificates of Obligation to Finance Improvements at J.B. Wells Park
- 2.4 Discuss, Consider & Possible Action on **Ordinance #2021-20** Authorizing the Issuance of up to \$1,950,000 in Principal Amount of City of Gonzales, Texas General Obligation Refunding Bonds, Series 2021; Authorizing the Sale Thereof Pursuant to a Negotiated Underwriting, a Competitive Sale, or a Private Placement; Delegating Authority to Certain City Officials to Determine the Method of Sale, to Select Underwriters (if the Bonds are to be Sold Pursuant to a Negotiated Underwriting), and to Approve All Final Terms of the Bonds; Approving and Authorizing the Execution of All Instruments and Procedures Related Thereto Including a Paying Agent/Registrar Agreement and a Purchase Contract; Authorizing the Preparation and Distribution of an Official Statement, if Necessary; and Containing Other Provisions Relating to the Subject

STAFF/BOARD REPORTS

- 3.1 Financial Report for the month of June 2021
- 3.2 City Manager, Tim Patek will update the City Council on the following:
 - Hydro electric
 - Street improvements to Oakland Ave. and Ridgemont Lane
 - Right-of-way mowing within the city limits

CLOSED SESSION

- 4.1 (1) Pursuant to Section 551.071 of the Texas Government Code, the City of Gonzales will consult in closed session with its attorney to receive legal advice regarding pending or contemplated litigation, a settlement offer, or matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter”, to include the following matters:
 - a) In Re Estate of J. B. Wells settlement structure
- (2) Pursuant to Section 551.074 of the Texas Government Code, the City of Gonzales will meet in closed session to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee.
 - a) City Manager Evaluation

RETURN TO OPEN SESSION

- 5.1 Discuss and Consider any Action Resulting from Closed Session as Necessary

CITY COUNCIL REQUESTS AND ANNOUNCEMENTS

- Requests by Mayor and Councilmembers for items on a future City Council agenda
- Announcements by Mayor and Councilmembers
- City and community events attended and to be attended
- Continuing education events attended and to be attended

ADJOURN

EXECUTIVE SESSION: The City Council reserves the right to discuss any of the above items in Executive Closed Session if they meet the qualifications in Sections 551.071, 551.072, 551.073, 551.074, 551.076, 551.087, of Chapter 551 of the Government Code of the State of Texas.

I certify that a copy of the July 8, 2021, agenda of items to be considered by the Gonzales City Council was posted on the City Municipal Building bulletin board on the 2nd day of July, 2021 at 5:00 p m. and remained posted continuously for at least 72 hours preceding the scheduled time of the meeting. I further certify that the above agenda was removed on _____ day of _____, 2021 at _____ am/pm. I further certify that the following News Media were properly notified of the above stated meeting: Gonzales Inquirer.

Kristina Vega, City Secretary

The meeting facility is wheelchair accessible and accessible parking spaces are available. Request for accommodations or interpretive services must be made 48 hours prior to this meeting. Please Contact the City Secretary's office at (830)672-2815 for further information.

**CITY OF GONZALES, TEXAS
CITY COUNCIL MEETING
MINUTES –JUNE 10, 2021**

A Regular Meeting of the City Council was held on **June 10, 2021** at 6:00 p.m. via teleconference **pursuant to Section 551.045 of the Texas Government Code and in accordance with the March 16, 2020 order by the Governor of the State of Texas.**

The meeting notice, agenda and agenda packet were posted online at www.gonzales.texas.gov.

On March 16, 2020, Governor Abbott suspended several provisions of the Texas Open Meetings Act for the duration of his statewide declaration of disaster, including the new requirement (added by H.B. 2840 last legislative session) that the public has a right to speak on agenda items. This DOES NOT apply to statutorily mandated public hearings, such as zoning and similar hearings. The Governor has since clarified his intent and stated that citizens should be allowed to offer comments by other means.

A temporary suspension of certain provisions of the Open Meetings Act to allow telephone or videoconference public meetings has been granted by Governor Greg Abbott. These actions are being taken to mitigate the spread of COVID-19 by avoiding meetings that bring people into a group setting and in accordance with Section 418.016 of the Texas Government Code.

Citizens wishing to offer comments on the posted agenda items may email their comments at least two hours prior to the start of the meeting and the comments will be read into the record during the time allocated for citizen comments. Emails may be sent to citysecretary@gonzales.texas.gov and must include the name of the citizen.

CALL TO ORDER, INVOCATION AND PLEDGE

Mayor Kacir called the meeting to order at 6:00 p.m. and a quorum was certified.

Attendee Name	Title	Status
Connie L. Kacir	Mayor	Present in person
Joseph Kridler	Council Member, District 1	Present in person
Tommy Schurig	Outgoing-Council Member, District 2	Present in person
Bobby O’Neal	Council Member, District 3	Present in person
Robert R. Brown, Jr.	Council Member, District 4	Present in person
Sherri Tumlinson Koeppe	Incoming-Council Member District 2	Present in person

STAFF PARTICIPATING:

City Attorney Dan Santee, City Manager Tim Patek, Finance Director Laura Zella, Main Street Manager Liz Reiley, City Engineer Keith Schauer and Police Chief Tim Crow.

CITY EVENTS AND ANNOUNCEMENTS

- Announcements of upcoming City Events
- Announcements and recognitions by the City Manager
- Announcements and recognitions by the Mayor
- Recognition of actions by City employees
- Recognition of actions by community volunteers

HEARING OF RESIDENTS

Barbara Crozier spoke on behalf and in favor of agenda item 3.4 regarding Laurel Ridge Antiques.

David Tucey spoke on behalf of the Edwards Association and expressed his gratitude to Council Member Schurig for all he has done for District 2 and welcomed Council Member Koepp to the position.

Ruth Guerra spoke regarding the opposition to the garage requirements within the Zoning Ordinance that was adopted in February.

ACTION ITEMS

- 1.1 Discuss, Consider & Possible Action on **Resolution #2021-43** Canvassing the Returns and Officially declaring the results of the June 1, 2021 City of Gonzales District 2 Runoff Election.

CANDIDATE	Early Voting	Election Day	Absentee	TOTAL VOTES
Sherri Tumlinson Koepp	57	32	6	95
Johnnie R. Hunt	40	21	4	65
Total Votes Counted	97	53	10	160

ACTION: Item 1.1

APPROVED

Council Member O’Neal moved to approve **Resolution #2021-43** Canvassing the Returns and Officially declaring the results of the June 1, 2021 City of Gonzales District 2 Runoff Election. Council Member Kridler seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

- 1.2 Issuance of the Certificate of Election and Swearing in of City Council Member District 2: Sherri Tumlinson-Koepp

Mayor Kacir conducted the Swearing in of Council Member District 2-Sherri Tumlinson-Koepp and issued the Certificate of Election.

- 1.3 Discuss, Consider & Possible Action on **Resolution #2021-44** Appointing a Mayor Pro Tem for the City of Gonzales

ACTION: Item 1.3

APPROVED

Council Member Kridler moved to approve **Resolution #2021-44** Appointing Rob Brown as Mayor Pro Tem of the City of Gonzales. Council Member O’Neal seconded the motion. Mayor Kacir called for a roll call vote. Council Member Brown abstained. For: 3. The motion passed 3 to 0.

CONSENT AGENDA ITEMS

The Consent Agenda is considered self-explanatory and will be enacted by the Council with one motion. There will be no separate discussion of these items unless they are removed from the Consent Agenda upon the request of the Mayor or a Councilmember.

2.1 **Minutes** - Approval of the minutes for the May 13, 2021 Regular Meeting

ACTION: Items 2.1

APPROVED

Council Member O'Neal moved to approve the consent agenda as presented. Council Member Brown seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

RESOLUTIONS

3.1 Discuss, Consider & Possible Action on **Resolution #2021-45** Authorizing the Edwards Association the use of Independence Square and designated street closures for the Juneteenth Freedom March on June 19, 2021

ACTION: Items 3.1

APPROVED

Council Member Kridler moved to approve **Resolution #2021-45** Authorizing the Edwards Association the use of Independence Square and designated street closures for the Juneteenth Freedom March on June 19, 2021. Council Member Koepp seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

3.2 Discuss, Consider & Possible Action on **Resolution #2021-46** Authorizing the Purchase of a 2021 John Deere Backhoe for the Water Department from RDO Equipment Company in the amount of \$104,950.00

ACTION: Items 3.2

APPROVED

Council Member Brown moved to approve **Resolution #2021-46** Authorizing the Purchase of a 2021 John Deere Backhoe for the Water Department from RDO Equipment Company in the amount of \$104,950.00. Council Member Kridler seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

3.3 Discuss, Consider & Possible Action on **Resolution #2021-47** Authorizing the Purchase of a Trojan UV disinfection system replacement for the Wastewater Department in the amount of \$228,700.00

ACTION: Items 3.3

APPROVED

Council Member O'Neal moved to approve **Resolution #2021-47** Authorizing the Purchase of a Trojan UV disinfection system replacement for the Wastewater Department in the amount of \$228,700.00. Council Member Kridler seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

- 3.4 Discuss, Consider & Possible Action on **Resolution #2021-48** Approving A Type B Economic Development Agreement by and between the Gonzales Economic Development Corporation and Laurel Ridge Designs, Inc., a Texas Corporation, Authorized Pursuant to Section 505.158 of the Texas Local Government Code

ACTION: Items 3.4

APPROVED

Council Member Brown moved to approve **Resolution #2021-48** Approving A Type B Economic Development Agreement by and between the Gonzales Economic Development Corporation and Laurel Ridge Designs, Inc., a Texas Corporation, Authorized Pursuant to Section 505.158 of the Texas Local Government Code. Council Member Koepp seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

- 3.5 Discuss, Consider & Possible Action on **Resolution #2021-49** Authorizing an amendment to the Fiscal and Budgetary Policy Statement for the City of Gonzales

ACTION: Items 3.5

APPROVED

Council Member Kridler moved to approve **Resolution #2021-49** Authorizing an amendment to the Fiscal and Budgetary Policy Statement for the City of Gonzales. Council Member O’Neal seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

- 3.6 Discuss, Consider & Possible Action on **Resolution #2021-50** Authorizing City Staff to Solicit Proposals from Reputable and Experienced Vendors for a Feasibility Study and Market Analysis for the Potential Improvement and Enhancement of Municipally-owned Softball and Baseball Fields and/or the Potential Creation of a New Sports Complex

ACTION: Items 3.6

APPROVED

Council Member Brown moved to approve **Resolution #2021-50** Authorizing City Staff to Solicit Proposals from Reputable and Experienced Vendors for a Feasibility Study and Market Analysis for the Potential Improvement and Enhancement of Municipally-owned Softball and Baseball Fields and/or the Potential Creation of a New Sports Complex. Council Member O’Neal seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

- 3.7 Discuss, Consider & Possible Action on **Resolution #2021-51** Approving the use of the practice field located on North Avenue between the 400 block of Williams Street and 400 block of Tate Street and authorizing designated street closures for the First Responder Appreciation Night on June 25, 2021 and authorizing the City Manager to execute an agreement with Austin Aeronauts, LLC.

ACTION: Items 3.7

APPROVED

Council Member Koepp moved to approve **Resolution #2021-51** Approving the use of the practice field located on North Avenue between the 400 block of Williams Street and 400 block of Tate Street and authorizing designated street closures for the First Responder Appreciation Night on June 25, 2021. Council Member O’Neal seconded the

motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

- 3.8 Discuss, Consider & Possible Action on **Resolution #2021-52** Approving A Type B Economic Development Project and Performance Agreement, by and between the Gonzales Economic Development Corporation and First United Methodist Church Regarding Improvements authorized pursuant to Section 505.152 of the Texas Local Government Code

ACTION: Items 3.8

APPROVED

Council Member Kridler moved to approve **Resolution #2021-52** Approving A Type B Economic Development Project and Performance Agreement, by and between the Gonzales Economic Development Corporation and First United Methodist Church Regarding Improvements authorized pursuant to Section 505.152 of the Texas Local Government Code. Council Member Brown seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

ORDINANCES

- 4.1 Discuss, Consider & Possible Action on **Ordinance #2021-18** Approving a Budget Amendment to the Operating Budget for the Fiscal Year October 1, 2020 and Ending September 30, 2021 in the amount of \$127,430.00

ACTION: Items 4.1

APPROVED

Council Member O'Neal moved to approve **Ordinance #2021-18** Approving a Budget Amendment to the Operating Budget for the Fiscal Year October 1, 2020 and Ending September 30, 2021 in the amount of \$127,430.00. Council Member Kridler seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

STAFF/BOARD REPORTS

- 5.1 Financial Report for the month of April 2021
- 5.2 City Manager, Tim Patek provided an update to the City Council on the following:
- Grant funding projects
 - Preliminary budget and rate study
 - Electric AMI Metering update

CONVENE INTO CLOSED SESSION:

The Council convened into closed session at 6:54 p.m.

- 6.1 (1) Pursuant to Section 551.071 of the Texas Government Code, the City of Gonzales will consult in closed session with its attorney to receive legal advice regarding pending or contemplated litigation, a settlement offer, or matter in which the duty of the attorney to the

governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter”, to include the following matters:

(a) In Re Estate of J. B. Wells litigation

(2) Pursuant to Section 551.072 of the Texas Government Code, the City of Gonzales will consult in closed session to deliberate the purchase, exchange, lease, or value of real property if deliberation in an open meeting would have a detrimental effect on the position of the governmental body in negotiations with a third person:

(a) Victoria College billboard

RETURN TO OPEN SESSION

The Council convened into open session at 7:47 p.m.

7.1 Discuss and Consider any Action Resulting from Closed Session as Necessary

Council Member O’Neal moved to approve the Settlement Agreement and Mutual Release of All Claims; Cause Number OTH-17-9886 in the Estate of J.B. Wells, Jr. in the amount of \$1.825 million. Mayor Kacir seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

CITY COUNCIL REQUESTS AND ANNOUNCEMENTS

- Requests by Mayor and Councilmembers for items on a future City Council agenda
The Council requested that the City Council meetings return to non-COVID protocol meetings.
- Announcements by Mayor and Councilmembers
- City and community events attended and to be attended
- Continuing education events attended and to be attended

ADJOURN

On a motion by Council Member O’Neal and second by Council Member Kridler the meeting was adjourned at 7:49 p.m.

Approved this 8th day of July, 2021.

Connie Kacir, Mayor

City Secretary

**CITY OF GONZALES, TEXAS
SPECIAL CALLED CITY COUNCIL
MEETING/WORKSHOP
MINUTES –JUNE 24, 2021**

A Special Meeting of the City Council was held on **June 24, 2021** at 6:00 p.m. at the Gonzales Municipal Building, 820 St. Joseph Street. This was an OPEN MEETING, open to the public, subject to the open meeting laws of the State of Texas and, as required by law, was duly posted, at the Gonzales Municipal Building, giving notice of time, date, place, and agenda thereof. The meeting notice, agenda and agenda packet were posted online at www.gonzales.texas.gov.

CALL TO ORDER, INVOCATION AND PLEDGE

Mayor Kacir called the meeting to order at 12:00 p.m. and a quorum was certified.

Attendee Name	Title	Status
Connie L. Kacir	Mayor	Present in person
Joseph Kridler	Council Member, District 1	Present in person
Sherri Koepp	Council Member, District 2	Present in person
Bobby O’Neal	Council Member, District 3	Present in person
Robert R. Brown, Jr.	Council Member, District 4	Present in person

STAFF PARTICIPATING:

City Attorney Dan Santee, City Manager Tim Patek, City Secretary Kristina Vega, Finance Director Laura Zella

HEARING OF RESIDENTS

No comments made.

WORKSHOP

- 1.3 Presentation and Discussion from NewGen Strategies & Solutions on the results of the Electric, Water, and Wastewater Rate Study

Chris Ekrut of NewGen Strategies & Solutions, LLC presented the results of the Electric, Water and Wastewater Rate Study.

- 1.1 Presentation and Discussion from McCall, Parkhurst & Horton L.L.P. Presentation and discussion relating to legal, financial, and other matters in connection with the issuance of Certificates of Obligation and General Obligation Refunding Bonds

Thomas Spurgeon and Dusty Traylor briefed the Council regarding general obligation refunding bonds and certificates of obligation and what could be financed with either financing tool and how they are processed.

- 1.1 Presentation and Discussion regarding Departmental Budget Requests for Fiscal Year Beginning October 1, 2021 Ending September 30, 2022

A portion of the department heads presented an overview of their requests for their departmental budgets.

RECESS: 8:05 p.m. until 8:09 p.m.

CONVENE INTO CLOSED SESSION:

The Council convened into closed session at 8:09 p.m.

2.1(a) Pursuant to Section 551.071 of the Texas Government Code, the City of Gonzales will consult in closed session with its attorney to receive legal advice regarding pending or contemplated litigation, a settlement offer, or matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter”, to include the following matters:

1. In Re Estate of J. B. Wells litigation

RETURN TO OPEN SESSION

The Council convened into open session at 8:18 p.m.

3.1 Discuss and Consider any Action Resulting from Closed Session as Necessary

No action was taken.

WORKSHOP

1.1 Presentation and Discussion regarding Departmental Budget Requests for Fiscal Year Beginning October 1, 2021 Ending September 30, 2022

The remaining portion of the department heads presented an overview of their requests for their departmental budgets.

ACTION ITEMS-NO ACTION WAS TAKEN ON EITHER ITEM

4.1 Discuss, Consider & Possible Action on **Resolution #2021-53** Authorizing Publication of Notice of Intention to Issue Certificates of Obligation to Finance Improvements at J.B. Wells Park

4.2 Discuss, Consider & Possible Action on **Ordinance #2021-19** Authorizing the Issuance of Up to \$1,950,000 in Principal Amount of City of Gonzales, Texas General Obligation Refunding Bonds, Series 2021; Authorizing the Sale Thereof Pursuant to a Negotiated Underwriting, a Competitive Sale, or a Private Placement; Delegating Authority to Certain City Officials to Determine the Method of Sale, to Select Underwriters (if the Bonds are to be Sold Pursuant to a Negotiated Underwriting), and to Approve All Final Terms of the Bonds; Approving and Authorizing the Execution of All Instruments and Procedures Related Thereto Including a Paying Agent/Registrar Agreement and a Purchase Contract; Authorizing the Preparation and Distribution of an Official Statement, if Necessary; and Containing Other Provisions Relating to the Subject

ADJOURN

On a motion by Council Member O’Neal and second by Council Member Kridler, the meeting was adjourned at 9:37 p.m.

Approved this 8th day of July, 2021.

Connie Kacir, Mayor

City Secretary

**CITY OF GONZALES, TEXAS
SPECIAL CITY COUNCIL MEETING
MINUTES –JUNE 29, 2021**

A Special Meeting of the City Council was held on **June 29, 2021** at 12:01 p.m. at the Gonzales Municipal Building, 820 St. Joseph Street. This was an OPEN MEETING, open to the public, subject to the open meeting laws of the State of Texas and, as required by law, was duly posted, at the Gonzales Municipal Building, giving notice of time, date, place, and agenda thereof. The meeting notice, agenda and agenda packet were posted online at www.gonzales.texas.gov.

CALL TO ORDER, INVOCATION AND PLEDGE

Mayor Kacir called the meeting to order at 12:00 p.m. and a quorum was certified.

Attendee Name	Title	Status
Connie L. Kacir	Mayor	Present in person
Joseph Kridler	Council Member, District 1	Absent
Sherrí Koepp	Council Member, District 2	Present in person
Bobby O’Neal	Council Member, District 3	Present in person
Robert R. Brown, Jr.	Council Member, District 4	Present in person

STAFF PARTICIPATING:

City Attorney Dan Santee, City Manager Tim Patek, City Secretary Kristina Vega

HEARING OF RESIDENTS

No comments made.

CONVENE INTO CLOSED SESSION:

The Council convened into closed session at 12:04 p.m.

2.1 (1) Pursuant to Section 551.071 of the Texas Government Code, the City of Gonzales will consult in closed session with its attorney to receive legal advice regarding pending or contemplated litigation, a settlement offer, or matter in which the duty of the attorney to the governmental body under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with this chapter”, to include the following matters:

a) In Re Estate of J. B. Wells litigation

RETURN TO OPEN SESSION

The Council convened into open session at 12:57 p.m.

2.1 Discuss and Consider any Action Resulting from Closed Session as Necessary

No action was taken.

ACTION ITEMS

1.1 Discuss, Consider & Possible Action on **Resolution #2021-54** Authorizing Rhor Balloons, LLC the use of the practice field located on North Avenue between the 400 block of Williams Street and 400 block of Tate Street and authorizing designated street closures for the First Responder Appreciation Night on July 4, 2021

ACTION: Items 1.1

APPROVED

Council Member O’Neal moved to approve **Resolution #2021-54** Authorizing Rhor Balloons, LLC the use of the practice field located on North Avenue between the 400 block of Williams Street and 400 block of Tate Street and authorizing designated street closures for the First Responder Appreciation Night on July 4, 2021 contingent upon the fact that all details of the contract are suitable with the City Attorney in negotiations with the City Manager. Council Member Brown seconded the motion. Mayor Kacir called for a roll call vote. For: Unanimous. The motion passed 5 to 0.

ADJOURN

On a motion by Council Member O’Neal and second by Council Member Brown, the meeting was adjourned at 12:59 p.m.

Approved this 8th day of July, 2021.

Connie Kacir, Mayor

City Secretary

COUNCIL AGENDA ITEM BRIEFING DATA



AGENDA ITEM

Discuss, Consider & Possible Action on Resolution #2021-48 Approving a Type B Economic Development Agreement by and between the Gonzales Economic Development Corporation and Laurel Ridge Designs, Inc., a Texas Corporation, authorized pursuant to Section 505.158 of the Texas Local Government Code-SECOND READING

DATE: July 8, 2021

TYPE AGENDA ITEM:

Resolution

BACKGROUND:

At the May 26, 2021, meeting, the Gonzales Economic Development Corporation (GEDC) approved a Performance Agreement with Laurel Ridge Designs Inc. (Developer) for improvements to 827 St. Lawrence for qualified expenditures. "Qualified Expenditures" mean those costs associated with the construction of improvements to the building located on the Property, including a deck, electrical, upstairs bath addition, cellar doors, replace HVAC, install a railing, and replace signage, and which meet the definition of "project" as that term is defined in Section 505.158 of the Act, and meet the definition of "cost" as that term is defined in Section 501.152 of the Act. A public hearing was held on May 26, 2021. Public notice of the project was published in the Gonzales Inquirer on May 6, 2021.

GEDC covenants and agrees with Developer that, while the Agreement is in effect, it shall comply with the terms and conditions outlined within the performance agreement.

POLICY CONSIDERATIONS:

The GEDC is a Type B economic development corporation, created pursuant to Chapter 505 of the Texas Local Government Code, as amended; and Section 505.158 of the Texas Local Government Code provides that "[f]or a Type B corporation authorized to be created by a municipality with a population of 20,000 or less, "project" also includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements found by the corporation's board of directors to promote new or expanded business development." Further, the statute provides that "[a] Type B corporation may not undertake a project authorized by this section that requires an expenditure of more than \$10,000 until the governing body of the corporation's authorizing municipality adopts a resolution authorizing the project after giving the resolution at least two separate readings."

FISCAL IMPACT:

The GEDC has available funds within the Business Incentive Grant Program 7-700.718 of the 2020 - 2021 budget.

ATTACHMENTS:

Performance Agreement

STAFF RECOMMENDATION:

Staff respectfully requests City Council action as deemed appropriate.

RESOLUTION NO. 2021-48

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GONZALES, TEXAS, APPROVING A TYPE B ECONOMIC DEVELOPMENT AGREEMENT BY AND BETWEEN THE GONZALES ECONOMIC DEVELOPMENT CORPORATION AND LAUREL RIDGE DESIGNS, INC., A TEXAS CORPORATION, AUTHORIZED PURSUANT TO SECTION 505.158 OF THE TEXAS LOCAL GOVERNMENT CODE; AND PROVIDING FOR AN IMMEDIATE EFFECTIVE DATE.

WHEREAS, the Gonzales Economic Development Corporation (hereinafter referred to as the “GEDC”) is a Type B Economic development corporation, created pursuant to Chapter 505 of the Texas Local Government Code, as amended; and

WHEREAS, Section 505.158 of the Texas Local Government Code provides that “[f]or a Type B corporation authorized to be created by a municipality with a population of 20,000 or less, “project” also includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements found by the corporation’s board of directors to promote new or expanded business development.” Further, the statute provides that “[a] Type B corporation may not undertake a project authorized by this section that requires an expenditure of more than \$10,000 until the governing body of the corporation’s authorizing municipality adopts a resolution authorizing the project after giving the resolution at least two separate readings”; and

WHEREAS, GEDC has approved a project with Laurel Ridge Designs, Inc., and the Performance Agreement is attached hereto as *Exhibit A*; and

WHEREAS, the City Council of the City of Gonzales, Texas, finds and determines that the expenditure as specified in the Performance Agreement, attached hereto as *Exhibit A*, will promote new or expanded business development, and otherwise meets the definition of “project,” as that term is defined by Section 505.158 of the Texas Local Government Code.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GONZALES, TEXAS, AS FOLLOWS:

Section 1. That the City Council of the City of Gonzales, Texas, finds and determines that the project and Performance Agreement, attached hereto as *Exhibit A*, will promote new and expanded business development, and is otherwise consistent with Section 505.158 of the Texas Local Government Code.

Section 2. That the City Council of the City of Gonzales, Texas, following the second reading of this Resolution authorizes the project and Performance Agreement, attached hereto as *Exhibit A*, and authorize the Mayor to execute this Resolution.

Section 3. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 4. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 5. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 6. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Resolution would have been enacted without such invalid provision.

Section 7. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 8. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED AND APPROVED this 8th day of July, 2021.

Connie Kacir, Mayor

ATTEST:

City Secretary

Exhibit A

Performance Agreement

PERFORMANCE AGREEMENT

This **PERFORMANCE AGREEMENT** by and between the **GONZALES ECONOMIC DEVELOPMENT CORPORATION**, a Texas non-profit corporation (hereinafter referred to as the “GEDC”), and **LAUREL RIDGE DESIGNS, INC.**, a Texas corporation (hereinafter referred to as “Developer”), is made and executed on the following recitals, terms and conditions.

WHEREAS, the Gonzales Economic Development Corporation (hereinafter referred to as the “GEDC”) is a Type B economic development corporation, created pursuant to Chapter 505 of the Texas Local Government Code, as amended; and

WHEREAS, Section 505.158 of the Texas Local Government Code provides that “[f]or a Type B corporation authorized to be created by a municipality with a population of 20,000 or less, “project” also includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements found by the corporation’s board of directors to promote new or expanded business development.” Further, the statute provides that “[a] Type B corporation may not undertake a project authorized by this section that requires an expenditure of more than \$10,000 until the governing body of the corporation’s authorizing municipality adopts a resolution authorizing the project after giving the resolution at least two separate readings”; and

WHEREAS, Section 501.158 of the Texas Local Government Code prohibits the provision of a direct incentive unless GEDC enters into an Agreement with Developer providing at a minimum a schedule of additional payroll or jobs to be created or retained by GEDC’s investment; a schedule of capital investments to be made as consideration for any direct incentives provided by GEDC to Developer; and a provision specifying the terms and conditions upon which repayment must be made should Developer fail to meet the agreed to performance requirements specified in this Agreement; and

WHEREAS, Developer has applied to GEDC for financial assistance necessary to construct improvements to the Laurel Ridge Designs establishment generally located at 827 St. Joseph Street, City of Gonzales, Texas; and

WHEREAS, on April 26, 2021, the Board of Directors of the GEDC approved financial assistance to Developer which would provide Developer the necessary financial assistance for the construction of improvements to the Laurel Ridge Designs establishment generally located at 827 St. Joseph Street, City of Gonzales, Texas; and

WHEREAS, the GEDC’s Board of Directors have determined the financial assistance to be provided to Developer pursuant to this Agreement is consistent and meets the definition of “project” as that term is defined in Section 505.158 of the Texas Local Government Code; and the definition of “cost” as that term is defined by Section 501.152 of the Texas Local Government Code; and

WHEREAS, Developer agrees and understands that Section 501.073(a) of the Texas Local Government Code requires the City Council of the City of Gonzales, Texas, to approve all

programs and expenditures of the GEDC, and accordingly this Agreement is not effective until City Council has approved this project at a City Council meeting called and held for that purpose.

NOW, THEREFORE, for and in consideration of the agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the GEDC and Developer agree as follows:

SECTION 1. FINDINGS INCORPORATED.

The foregoing recitals are hereby incorporated into the body of this Agreement and shall be considered part of the mutual covenants, consideration and promises that bind the parties.

SECTION 2. TERM.

This Agreement shall be effective as of the Effective Date, as defined herein, and shall continue thereafter until **December 31, 2026**, unless terminated sooner under the provisions hereof.

SECTION 3. DEFINITIONS.

The following words shall have the following meanings when used in this Agreement.

- (a) **Act.** The word “Act” means Chapters 501 to 505 of the Texas Local Government Code, as amended.
- (b) **Agreement.** The word “Agreement” means this Performance Agreement, together with all exhibits and schedules attached to this Agreement from time to time, if any.
- (c) **Developer.** The word “Developer” means Laurel Ridge Designs, Inc., a Texas corporation, its successors and assigns, whose address for the purposes of this Agreement is 827 St. Joseph Street, Gonzales, Texas 78629.
- (d) **Effective Date.** The words “Effective Date” mean the date of the latter to execute this Agreement by and between the Developer and the GEDC.
- (e) **Event of Default.** The words “Event of Default” mean and include any of the Events of Default set forth below in the section entitled “Events of Default.”
- (f) **Full-Time Equivalent Employment Position.** The words “Full-Time Equivalent Employment Position” or “Full-Time Equivalent Employment Positions” mean and include a job requiring a minimum of One Thousand Nine Hundred Twenty (1,920) hours of work averaged over a twelve (12) month period.
- (g) **GEDC.** The term “GEDC” means the Gonzales Economic Development Corporation, a

Texas non-profit corporation, its successors and assigns, whose corporate address for the purposes of this Agreement is 820 Saint Joseph Street, Gonzales, Texas 78629.

- (h) **Property.** The word “Property” means 827 St. Joseph Street, Gonzales, Gonzales County, Texas.
- (i) **Qualified Expenditures.** The words “Qualified Expenditures” mean those costs associated with the construction of improvements to the building located on the Property, including a deck, electrical, upstairs bath addition, cellar doors, replace HVAC, install a railing, and replace signage, and which meet the definition of “project” as that term is defined in Section 505.158 of the Act, and meet the definition of “cost” as that term is defined in Section 501.152 of the Act.
- (j) **Term.** The word “Term” means the term of this Agreement as specified in Section 2 of this Agreement.

SECTION 4. AFFIRMATIVE COVENANTS OF DEVELOPER.

Developer covenants and agrees with GEDC that, while this Agreement is in effect, it shall comply with the following terms and conditions:

- (a) **Reimbursement.** Developer covenants and agrees to submit to the GEDC paid invoices, paid receipts, or other documentation of the Qualified Expenditures made to the Property in a form acceptable to the GEDC and in the minimum amount of **Sixty-Four Thousand Two Hundred Ninety and No/100 Dollars (\$64,290.00)** prior to any reimbursement. Developer covenants and agrees to provide to the GEDC said invoices, receipts, or other documentation by **December 31, 2021**.
- (b) **Certificate of Occupancy.** Developer covenants and agrees to obtain from the City of Gonzales, Texas, a certificate of occupancy for the Laurel Ridge Designs Establishment located on the Property by **December 31, 2021**.
- (c) **Operate Laurel Ridge Designs Establishment.** Developer agrees to maintain and operate the Laurel Ridge Designs Establishment located on the Property during the Term of this Agreement. Further, Developer covenants and agrees to submit an annual report, a copy of which is attached hereto as *Exhibit A*, and is incorporated herein. The first report shall be due **December 31, 2021**, and annually thereafter.
- (d) **Job Creation and Retention.** Developer agrees during the Term of this Agreement, the Developer shall employ and maintain a minimum of two (2) Full-Time Equivalent Employment Positions working at the Property.
- (e) **Performance Conditions.** Developer agrees to make, execute and deliver to GEDC such other promissory notes, instruments, documents and other agreements as GEDC or its

attorneys may reasonably request to evidence this Agreement.

- (f) **Performance.** Developer agrees to perform and comply with all terms, conditions, and provisions set forth in this Agreement and in all other instruments and agreements between Developer and GEDC.

SECTION 5. AFFIRMATIVE COVENANTS OF GEDC.

GEDC covenants and agrees with Developer that, while this Agreement is in effect, it shall comply with the following terms and conditions:

- (a) **Financial Assistance for Qualified Expenditures.** GEDC covenants and agrees to submit reimbursement for Qualified Expenditures made by the Developer pursuant to Section 4(a) of this Agreement, in an amount not to exceed the lesser of **Fifty-Two Thousand and No/100 Dollars (\$52,000.00)** or the aggregate amount of said paid invoices, paid receipts, or other documentation submitted by the Developer to GEDC within sixty (60) days of receipt of said documentation.
- (b) **Performance.** GEDC agrees to perform and comply with all terms, conditions, and provisions set forth in this Agreement and in all other instruments and agreements by and between the Developer and GEDC.

SECTION 6. CESSATION OF ADVANCES.

If the GEDC has made any commitment to provide any financial assistance to Developer, whether under this Agreement or under any other agreement, the GEDC shall have no obligation to advance or disburse the financial assistance if: (i) Developer becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged bankrupt; or (ii) an Event of Default occurs.

SECTION 7. EVENTS OF DEFAULT.

Each of the following shall constitute an Event of Default under this Agreement:

- (a) **General Event of Default.** Failure of Developer or GEDC to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement, or failure of Developer or GEDC to comply with or to perform any other term, obligation, covenant or condition contained in any other agreement by and between Developer and GEDC is an Event of Default.
- (b) **False Statements.** Any warranty, representation, or statement made or furnished to GEDC by or on behalf of Developer under this Agreement that is false or misleading in any material respect, either now or at the time made or furnished is an Event of Default.
- (c) **Insolvency.** Developer's insolvency, appointment of receiver for any part of Developer's

property, any assignment for the benefit of creditors of Developer, any type of creditor workout for Developer, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Developer is an Event of Default.

- (d) **Ad Valorem Taxes.** Developer allows its ad valorem taxes owed to the City of Gonzales, Texas, to become delinquent and fails to timely and properly follow the legal procedures for protest and/or contest of such taxes and to cure such failure within thirty (30) days after written notice thereof from GEDC and/or Gonzales County Central Appraisal District is an Event of Default.

SECTION 8. EFFECT OF AN EVENT OF DEFAULT.

In the event of default under Section 7 of this Agreement, the non-defaulting party shall give written notice to the other party of any default, and the defaulting party shall have thirty (30) days to cure said default. Should said default remain uncured as of the last day of the applicable cure period, and the non-defaulting party is not otherwise in default, the non-defaulting party shall have the right to immediately terminate this Agreement, enforce specific performance as appropriate or maintain a cause of action for damages caused by the event(s) of default. In the event, Developer defaults and is unable or unwilling to cure said default within the prescribed time period, the amounts provided by the GEDC to Developer pursuant to Section 5(a) of this Agreement shall become immediately due and payable by Developer to the GEDC.

SECTION 9. INDEMNIFICATION.

TO THE EXTENT ALLOWED BY LAW, EACH PARTY AGREES TO RELEASE, DEFEND, INDEMNIFY, AND HOLD HARMLESS THE OTHER (AND ITS OFFICERS, AGENTS, AND EMPLOYEES) FROM AND AGAINST ALL CLAIMS OR CAUSES OF ACTION FOR INJURIES (INCLUDING DEATH), PROPERTY DAMAGES (INCLUDING LOSS OF USE), AND ANY OTHER LOSSES, DEMAND, SUITS, JUDGMENTS AND COSTS, INCLUDING REASONABLE ATTORNEYS' FEES AND EXPENSES, IN ANY WAY ARISING OUT OF, RELATED TO OR RESULTING FROM ITS PERFORMANCE UNDER THIS AGREEMENT, OR CAUSED BY ITS NEGLIGENT ACTS OR OMISSIONS (OR THOSE OF ITS RESPECTIVE OFFICERS, AGENTS, EMPLOYEES, OR ANY OTHER THIRD PARTIES FOR WHOM IT IS LEGALLY RESPONSIBLE) IN CONNECTION WITH PERFORMING THIS AGREEMENT.

SECTION 10. MISCELLANEOUS PROVISIONS.

The following miscellaneous provisions are a part of this Agreement:

- (a) **Amendments.** This Agreement constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.

feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.

- (i) **Time is of the Essence.** Time is of the essence in the performance of this Agreement.
- (j) **Undocumented Workers.** Developer certifies that the Developer does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas Government Code, as amended. If during the Term of this Agreement, Developer is convicted of a violation under 8 U.S.C. § 1324a(f), Developer shall repay the amount of the public subsidy provided under this Agreement plus interest, at the rate of six percent (6%), not later than the 120th day after the date the GEDC notifies Developer of the violation.

[The Remainder of this Page Intentionally Left Blank]

DEVELOPER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS PERFORMANCE AGREEMENT, AND DEVELOPER AGREES TO ITS TERMS. THIS AGREEMENT IS EFFECTIVE AS OF THE EFFECTIVE DATE AS IS PROVIDED HEREIN.

GEDC:

GONZALES ECONOMIC DEVELOPMENT CORPORATION,

a Texas non-profit corporation

By: _____
Andy Rodriguez, President

Date Signed: _____

DEVELOPER:

LAUREL RIDGE DESIGNS, INC.

a Texas corporation

By: _____
Barbara Crozier

Title: _____

Date Signed: _____

Exhibit A

[Annual Report]

Performance Agreement Certification Report

Certification Report for the Performance Agreement between the Gonzales Economic Development Corporation and Laurel Ridge Designs, is due annually for five years per the term of the agreement.

I. Project Information

Company Information:

Company's _____ legal _____ name: _____

Project _____ address: _____

Name of primary contact: _____

II. Reporting Information

Employment Information:

Have you employed undocumented workers? Yes No

Have you occupied the building at 827 St. Joseph Street Gonzales, Texas 78629 and operated the facility as a retail establishment and inn?

Yes No

What is the total number of Full-time Employees located at the facility during the calendar year?

If you are in default of the agreement, please provide a letter describing why you were not able to comply and attach it to this certification form.

III. Additional Information (Voluntary)

Employment:

Number of full-time jobs added in past year: _____

Are you interested in being contacted about workforce training opportunities? Yes No

Are you interested in being contacted for assistance with City permits? Yes No

IV. CERTIFICATION

I certify that, to the best of my knowledge and belief, the information and attachments provided herein are true and accurate and in compliance with the terms of Economic Development Performance Agreement.

I further certify that the representations and warranties contained within the Agreement remain true and correct as of the date of this Certification, and _____ (Company Name) remakes those representations and warranties as of the date hereof.

I further certify that the employment and is true and accurate to the best of my knowledge and I can provide documentation from the Texas Workforce Commission to support my claim if so requested.

I understand that this Certificate is being relied upon by the GEDC in connection with the expenditure of public funds.

I have the legal and express authority to sign this Certificate on behalf of _____ (Company Name).

_____	_____
Name of Certifying Officer	Certifying Officer's Title
_____	_____
Phone Number	E-Mail Address
_____	_____
Signature of Certifying Officer	Date

STATE OF TEXAS X
COUNTY OF GOZALES X

This information was acknowledged before me on this _____ day of _____, _____ by _____ for _____ (Company Name).
(First and Last Name, Title)

Notary Public, State of Texas

Notary's typed or printed name
My commission expires

**Attention: Executive Director
Gonzales Economic Development Corporation
820 St. Joseph
Gonzales, Texas 78629**

COUNCIL AGENDA ITEM BRIEFING DATA



AGENDA ITEM

Discuss, Consider & Possible Action on Resolution 2021-55 Authorizing the City Manager to Negotiate and Enter into an Agreement for Professional Auditing Services with ABIP, PC.

DATE: July 8, 2021

TYPE AGENDA ITEM:

Resolution

BACKGROUND:

Texas Local Government Code Section 103.001(a) states that a municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. Section 3.14 of the Charter states that Council shall not select the same auditor for more than six (6) consecutive years and the auditor selected shall not be or have been within the immediately preceding three (3) years, a business associate of the certified public accountant or firm that performed the audit prior to such selection. The City of Gonzales currently uses BrooksWatson & CO. for professional audit services.

On May 13, 2021 City staff requested permission to seek requests for qualifications and proposals from qualified and experienced firms of certified public accountants to audit the City's financial statements in the manner most advantageous for the City of Gonzales.

The RFP was posted on May 28, 2021, and advertised in the newspaper for two weeks with proposals to be due by June 25, 2021. The City of Gonzales received four responses to the RFP and were from Singleton, Clark and Company, PC., Armstrong, Vaughan & Associates, ABIP, PC., and Beasley, Mitchell & Co., LLP.

On June 25, 2021, City Staff met and evaluated the proposals based on the criteria set forth in the RFP and ranked the proposals with a possible score of 100 points; Singleton, Clark and Company, PC. Scored 74, Armstrong, Vaughan & Associates scored 82, ABIP, PC. scored 88, and Beasley, Mitchell & Co., LLP. scored 60.

POLICY CONSIDERATIONS:

City Staff was unaware of the fiscal impact for this item, therefore these professional services were competitively bid as set forth in Chapter 252 of the Local Government Code of Texas.

FISCAL IMPACT:

The fiscal impact will be \$28,175 for the 1st year, \$29,300 for 2nd year, \$32,175 for 3rd year and then an option to extend for an additional two years at \$33,300 and \$34,425. This Agenda Item will be budgeted in the 2021-2022 fiscal year in GL Account 100-7-109.406.

ATTACHMENTS:

Bid/Proposals from Singleton, Clark and Company, PC., Armstrong, Vaughan & Associates, ABIP, PC., and Beasley, Mitchell & Co., LLP.

STAFF RECOMMENDATION:

Staff respectfully recommends Council award the bid to ABIP, PC.

RESOLUTION NO. 2021-55

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GONZALES, TEXAS AUTHORIZING THE CITY MANAGER TO NEGOTIATE AND ENTER INTO AN AGREEMENT FOR PROFESSIONAL AUDITING SERVICES WITH ABIP, PC.; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, on May 13, 2021 the City Council authorized City staff to seek requests for qualifications and proposals from qualified and experienced firms of certified public accountants to audit the City’s financial statements in the manner most advantageous for the City of Gonzales; and,

WHEREAS, City Staff posted the RFP on May 28, 2021 and advertised in the newspaper for two weeks; and

WHEREAS, the bids/proposals were due to be received by the City of Gonzales on June 25, 2021 at 3:00 p.m.; and

WHEREAS, four proposals were received from Singleton, Clark and Company, PC., Armstrong, Vaughan & Associates, ABIP, PC., and Beasley, Mitchell & Co., LLP. by the due date; and

WHEREAS, on June 25, 2021, City Staff met and evaluated the proposals based on the criteria set forth in the RFP and ranked the proposals with a possible score of 100 points; Singleton, Clark and Company, PC. scored 74, Armstrong, Vaughan & Associates scored 82, ABIP, PC. scored 88, and Beasley, Mitchell & Co., LLP. scored 60; and

WHEREAS, the City finds that negotiating and entering into an agreement with ABIP, PC. for professional auditing services would be in the best interest of the City and its citizens and will further promote the public health, safety, and general welfare of the City; and

WHEREAS, the fiscal impact will be \$28,175 for the 1st year, \$29,300 for 2nd year, \$32,175 for 3rd year and then an option to extend for an additional two years at \$33,300 and \$34,425. This Agenda Item will be budgeted in the 2021-2022 fiscal year in GL Account 100-7-109.406.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GONZALES, TEXAS:

Section 1. The City Council of the City of Gonzales, Texas hereby authorizes the City Manager to negotiate and enter into an Agreement for professional auditing services with ABIP, PC.

Section 2. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 3. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 4. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 5. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Resolution would have been enacted without such invalid provision.

Section 6. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 7. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED AND APPROVED this 8th day of July, 2021.

Mayor, Connie L. Kacir

ATTEST:

Kristina Vega, City Secretary



CITY OF GONZALES
STANDARD PROFESSIONAL SERVICES AGREEMENT

THE STATE OF TEXAS §
§
GONZALES COUNTY §

This Professional Services Agreement (“Agreement”) is made and entered by and between the City of Gonzales, Texas, (the “City”) a Texas home rule municipality, and ABIP, PC. (“Professional”).

Section 1. Duration. This Agreement shall become effective upon execution by the City and shall remain in effect for three (3) years with an optional renewal for a one (1) two-year term.

Section 2. Scope of Work.

(A) Professional shall perform the Services as more particularly described in the Scope of Work attached hereto as Exhibit “A”. The work as described in the Scope of Work constitutes the “Project”. Unless otherwise provided in the Scope of Work, the anticipated submittal of all Project deliverables is immediately upon completion of the Project.

(B) The Quality of Services provided under this Agreement shall be performed with the professional skill and care ordinarily provided by competent Professionals practicing in the same or similar locality and under the same or similar circumstances and professional license, and as expeditiously as is prudent considering the ordinary professional skill and care of a competent Professional holding the same professional license.

(C) The Professional shall perform its Services for the Project in compliance with all statutory, regulatory and contractual requirements now or hereafter in effect as may be applicable to the rights and obligations set forth in the Agreement.

(D) The Professional may rely upon the accuracy of reports and surveys provided to it by the City except when defects should have been apparent to a reasonably competent professional or when it has actual notice of any defects in the reports and surveys.

Section 3. Compensation.

(A) The Professional shall be paid in the manner set forth in Exhibit “B” and as provided herein.

(B) *Billing Period:* The Professional may submit monthly, or less frequently, an invoice

for payment based on the estimated completion of the described tasks and approved work schedule. Subject to Chapter 2251, Texas Government Code (the "Prompt Payment Act"), payment is due within thirty (30) days of the City's receipt of the Professional's invoice. Interest on overdue payments shall be calculated in accordance with the Prompt Payment Act.

(C) *Reimbursable Expenses:* Any and all reimbursable expenses related to the Project shall be included in the scope of services (Exhibit A) and accounted for in the total contract amount in Exhibit "B". If these items are not specifically accounted for in Exhibit A they shall be considered subsidiary to the total contract amount.

Section 4. Changes to the Project Work; Additional Work.

(A) *Changes to Work:* Professional shall make such revisions to any work that has been completed as are necessary to correct any errors or omissions as may appear in such work. If the City finds it necessary to make changes to previously satisfactorily completed work or parts thereof, the Professional shall make such revisions if requested and as directed by the City and such services will be considered as additional work and paid for as specified under following paragraph.

(B) *Additional Work:* The City retains the right to make changes to the Scope of Work at any time by a written order. Work that is clearly not within the general description of the Scope of Work and does not otherwise constitute special services under this Agreement must be approved in writing by the City by supplemental agreement before the additional work is undertaken by the Professional. If the Professional is of the opinion that any work is beyond that contemplated in this Agreement and the Scope of Work governing the project and therefore constitutes additional work, the Professional shall promptly notify the City of that opinion, in writing. If the City agrees that such work does constitute additional work, then the City and the Professional shall execute a supplemental agreement for the additional work and the City shall compensate the Professional for the additional work on the basis of the rates contained in the Scope of Work. If the changes deduct from the extent of the Scope of Work, the contract sum shall be adjusted accordingly. All such changes shall be executed under the conditions of the original Agreement. Any work undertaken by Professional not previously approved as additional work shall be at risk of the Professional.

Section 5. Time of Completion.

The prompt completion of the services under the Scope of Work is critical to the City. Unnecessary delays in providing services under a Scope of Work shall be grounds for dismissal of the Professional and termination of this Agreement without any or further liability to the City other than a prorated payment for necessary, timely, and conforming

work done by Professional prior to the time of termination. The Scope of Work shall provide, in either calendar days or by providing a final date, a time of completion prior to which the Professional shall have completed all tasks and services described in the Scope of Work.

Section 6. Insurance.

Before commencing work under this Agreement, Professional shall obtain and maintain the liability insurance provided for in attached Exhibit C throughout the term of this Agreement and thereafter as required herein.

In addition to the insurance provided for in Exhibit C, Professional shall maintain the following limits and types of insurance:

Professional Liability Insurance: professional errors and omissions liability insurance with limits of liability not less than \$1,000,000 per occurrence covering all work performed by the Professional, its employees, sub-contractors, or independent contractors. If this coverage can only be obtained on a "claims made" basis, the certificate of insurance must clearly state coverage is on a "claims made" basis and coverage must remain in effect for at least two years after final payment with the Professional continuing to furnish the City certificates of insurance.

Workers Compensation Insurance: The Professional shall carry and maintain during the term of this Agreement, workers compensation and employer's liability insurance meeting the requirements of the State of Texas on all the Professional's employees carrying out the work involved in this contract.

General Liability Insurance: The Professional shall carry and maintain during the term of this Agreement, general liability insurance on a per occurrence basis with limits of liability not less than \$1,000,000 for each occurrence and for fire damage. For Bodily Injury and Property Damage, coverage shall be no less than \$1,000,000. As a minimum, coverage for Premises, Operations, Products and Completed Operations shall be \$1,000,000. This coverage shall protect the public or any person from injury or property damages sustained by reason of the Professional or its employees carrying out the work involved in this Agreement. The general aggregate shall be no less than \$1,000,000.

Automobile Liability Insurance: Professional shall carry and maintain during the term of this Agreement, automobile liability insurance with either a combined limit of at least \$1,000,000 per occurrence for bodily injury and property damage or split limits of at least \$1,000,000 for bodily injury per person per occurrence and \$1,000,000 for property damage per

occurrence. Coverage shall include all owned, hired, and non-owned motor vehicles used in the performance of this contract by the Professional or its employees.

Subcontractor: In the case of any work sublet, the Professional shall require subcontractor and independent contractors working under the direction of either the Professional or a subcontractor to carry and maintain the same workers compensation and liability insurance required of the Professional.

Qualifying Insurance: The insurance required by this Agreement shall be written by non-assessable insurance company licensed to do business in the State of Texas and currently rated "B+" or better by the A.M. Best Companies. All policies shall be written on a "per occurrence basis" and not a "claims made" form.

Evidence of such insurance shall be attached as Exhibit "C".

Section 7. Miscellaneous Provisions.

(A) *Subletting.* The Professional shall not sublet or transfer any portion of the work under this Agreement or any Scope of Work issued pursuant to this Agreement unless specifically approved in writing by the City, which approval shall not be unreasonably withheld. Subcontractors shall comply with all provisions of this Agreement and the applicable Scope of Work. The approval or acquiescence of the City in the subletting of any work shall not relieve the Professional of any responsibility for work done by such subcontractor.

(B) *Ownership of Documents.* Upon completion or termination of this Agreement, all documents prepared by the Professional or furnished to the Professional by the City shall be delivered to and become the property of the City. All drawings, charts, calculations, plans, specifications and other data, including electronic files and raw data, prepared under or pursuant to this Agreement shall be made available, upon request, to the City without restriction or limitation on the further use of such materials PROVIDED, HOWEVER, THAT SUCH MATERIALS ARE NOT INTENDED OR REPRESENTED TO BE SUITABLE FOR REUSE BY THE CITY OR OTHERS. ANY REUSE WITHOUT PRIOR VERIFICATION OR ADAPTATION BY THE PROFESSIONAL FOR THE SPECIFIC PURPOSE INTENDED WILL BE AT THE CITY'S SOLE RISK AND WITHOUT LIABILITY TO THE PROFESSIONAL. Where applicable, Professional shall retain all pre-existing proprietary rights in the materials provided to the City but shall grant to the City a non-exclusive, perpetual, royalty-free license to use such proprietary information solely for the purposes for which the information was provided. The Professional may, at Professional's expense, have copies made of the documents or any other data furnished to the City under or pursuant to this Agreement. The Professional may utilize all of its work product and deliverables for archival, marketing and promotional purposes.

(C) *Professional's Seal.* To the extent that the Professional has a professional seal it shall be placed on all documents and data furnished by the Professional to the City and shall remain as placed in all iterations and uses of the documents and data. All work and services provided under this Agreement will be performed in a good and workmanlike fashion and shall conform to the accepted standards and practices of the Professional's industry. The plans, specifications and data provided by Professional shall be adequate and sufficient to enable those performing the actual work to perform the work as and within the time contemplated by the City and Professional. The City acknowledges that Professional has no control over the methods or means of work nor the costs of labor, materials or equipment. Unless otherwise agreed in writing, any estimates of costs by the Professional are for informational purposes only and are not guarantees.

(D) *Compliance with Laws.* The Professional shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts, administrative, or regulatory bodies in any matter affecting the performance of this Agreement, including, without limitation, worker's compensation laws, minimum and maximum salary and wage statutes and regulations, and licensing laws and regulations. When required, the Professional shall furnish the City with satisfactory proof of compliance.

(E) *Independent Contractor.* Professional acknowledges that Professional is an independent contractor of the City and is not an employee, agent, official or representative of the City. Professional shall not represent, either expressly or through implication, that Professional is an employee, agent, official or representative of the City. Income taxes, self-employment taxes, social security taxes and the like are the sole responsibility of the Professional.

(F) *Non-Collusion.* Professional represents and warrants that Professional has not given, made, promised or paid, nor offered to give, make, promise or pay any gift, bonus, commission, money or other consideration to any person as an inducement to or in order to obtain the work to be provided to the City under this Agreement. Professional further agrees that Professional shall not accept any gift, bonus, commission, money, or other consideration from any person (other than from the City pursuant to this Agreement) for any of the services performed by Professional under or related to this Agreement. If any such gift, bonus, commission, money, or other consideration is received by or offered to Professional, Professional shall immediately report that fact to the City and, at the sole option of the City, the City may elect to accept the consideration for itself or to take the value of such consideration as a credit against the compensation otherwise owing to Professional under or pursuant to this Agreement.

(G) *Force Majeure.* If the performance of any covenant or obligation to be performed hereunder by any party is delayed as a result of circumstances which are beyond the

reasonable control of such party (which circumstances may include, without limitation, pending litigation, acts of God, war, acts of civil disobedience, fire or other casualty, shortage of materials, adverse weather conditions [such as, by way of illustration and not of limitation, severe rain storms or below freezing temperatures, or tornados] labor action, strikes or similar acts, moratoriums or regulations or actions by governmental authorities), the time for such performance shall be extended by the amount of time of such delay, but no longer than the amount of time reasonably occasioned by the delay. The party claiming delay of performance as a result of any of the foregoing force majeure events shall deliver written notice of the commencement of any such delay resulting from such force majeure event not later than seven (7) days after the claiming party becomes aware of the same, and if the claiming party fails to so notify the other party of the occurrence of a force majeure event causing such delay and the other party shall not otherwise be aware of such force majeure event, the claiming party shall not be entitled to avail itself of the provisions for the extension of performance contained in this subsection.

(H) In the case of any conflicts between the terms of this Agreement and wording contained within the Scope of Services, this Agreement shall govern. The Scope of Services is intended to detail the technical scope of services, fee schedule, and contract time only and shall not dictate Agreement terms.

Section 8. Termination.

(A) This Agreement may be terminated:

- (1) By the mutual agreement and consent of both Professional and City;
- (2) By either party, upon the failure of the other party to fulfill its obligations as set forth in either this Agreement or a Scope of Work issued under this Agreement;
- (3) By the City, immediately upon notice in writing to the Professional, as consequence of the failure of Professional to perform the services contemplated by this Agreement in a timely or satisfactory manner;
- (4) By the City, at will and without cause upon not less than thirty (30) days written notice to the Professional.

(B) If the City terminates this Agreement pursuant to Section 5 or subsection 8(A)(2) or (3), above, the Professional shall not be entitled to any fees or reimbursable expenses other than the fees and reimbursable expenses then due and payable as of the time of termination and only then for those services that have been timely and adequately performed by the Professional considering the actual costs incurred by the Professional in performing work to date of termination, the value of the work that is nonetheless usable to

the City, the cost to the City of employing another Professional to complete the work required and the time required to do so, and other factors that affect the value to the City of the work performed at time of termination. In the event of termination that is not the fault of the Professional, the Professional shall be compensated for all basic, special, and additional services actually performed prior to termination, together with any reimbursable expenses then due.

Section 9. Indemnification. Professional shall indemnify, defend and hold harmless the City of Gonzales, Texas and its officials, employees and agents (collectively referred to as “Indemnitees”) and each of them from and against all loss, costs, penalties, fines, damages, claims, expenses (including reasonable attorney’s fees) or liabilities (collectively referred to as “Liabilities”) by reason of any injury to or death of any person or damage to or destruction or loss of any property arising out of, resulting from, or in connection with (i) the performance or non-performance of Services contemplated by this Agreement but only to the extent caused by the negligent acts, errors or omissions, intentional torts, intellectual property infringement, or a failure to pay a sub-contractor or supplier committed by Professional or Professional’s agent, consultant under contract, or another entity over which Professional exercises control (whether active or passive) of Professional or its employees, agents or sub-contractors (collectively referred to as “Professional”) (ii) the failure of Professional to comply with any of the paragraphs herein or the failure of Professional to conform to statutes, ordinances, or other regulations or requirements of any governmental authority, federal, state or local, in connection with the performance of this Agreement. Professional expressly agrees to indemnify and hold harmless the Indemnitees, or any one of them, from and against all liabilities which may be asserted by an employee or former employee of Professional, or any of its sub-contractors, as provided above, for which Professional’s liability to such employee or former employee would otherwise be limited to payments under State Workers’ Compensation or similar laws. Nothing herein shall require Professional to indemnify, defend, or hold harmless any Indemnitee for the Indemnitee’s own negligence or willful misconduct. Any and all indemnity provided for in this Agreement shall survive the expiration of this Agreement and the discharge of all other obligations owed by the parties to each other hereunder and shall apply prospectively not only during the term of this Agreement but thereafter so long as any liability could be asserted in regard to any acts or omissions of Professional in performing Services under this Agreement.

For Professional Liability Claims, Professional shall be liable for reasonable defense costs incurred by Indemnitees but only after final adjudication and to the extent and percent that Professional or Professional’s agents are found negligent or otherwise at fault. As used in this Agreement, final adjudication includes any negotiated

settlement and release of claims, without limitation as to when a negotiated settlement and release of claims occurs.

Section 10. Notices. Any notice required or desired to be given from one party to the other party to this Agreement shall be in writing and shall be given and shall be deemed to have been served and received (whether actually received or not) if (i) delivered in person to the address set forth below; (ii) deposited in an official depository under the regular care and custody of the United States Postal Service located within the confines of the United States of America and sent by certified mail, return receipt requested, and addressed to such party at the address hereinafter specified; or (iii) delivered to such party by courier receipted delivery. Either party may designate another address within the confines of the continental United States of America for notice, but until written notice of such change is actually received by the other party, the last address of such party designated for notice shall remain such party's address for notice.

Section 11. No Assignment. Neither party shall have the right to assign that party's interest in this Agreement without the prior written consent of the other party.

Section 12. Severability. If any term or provision of this Agreement is held to be illegal, invalid or unenforceable, the legality, validity or enforceability of the remaining terms or provisions of this Agreement shall not be affected thereby, and in lieu of each such illegal, invalid or unenforceable term or provision, there shall be added automatically to this Agreement a legal, valid or enforceable term or provision as similar as possible to the term or provision declared illegal, invalid or unenforceable.

Section 13. Waiver. Either City or the Professional shall have the right to waive any requirement contained in this Agreement that is intended for the waiving party's benefit, but, except as otherwise provided herein, such waiver shall be effective only if in writing executed by the party for whose benefit such requirement is intended. No waiver of any breach or violation of any term of this Agreement shall be deemed or construed to constitute a waiver of any other breach or violation, whether concurrent or subsequent, and whether of the same or of a different type of breach or violation.

Section 14. Governing Law; Venue. This Agreement and all of the transactions contemplated herein shall be governed by and construed in accordance with the laws of the State of Texas. The provisions and obligations of this Agreement are performable in Gonzales County, Texas such that exclusive venue for any action arising out of this Agreement shall be in Gonzales County, Texas.

Section 15. Paragraph Headings; Construction. The paragraph headings contained in this Agreement are for convenience only and shall in no way enlarge or limit the scope or

meaning of the various and several paragraphs hereof. Both parties have participated in the negotiation and preparation of this Agreement and this Agreement shall not be construed either more or less strongly against or for either party.

Section 16. Binding Effect. Except as limited herein, the terms and provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, devisees, personal and legal representatives, successors and assigns.

Section 17. Gender. Within this Agreement, words of any gender shall be held and construed to include any other gender, and words in the singular number shall be held and construed to include the plural, unless the context otherwise requires.

Section 18. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

Section 19. Exhibits. All exhibits to this Agreement are incorporated herein by reference for all purposes wherever reference is made to the same.

Section 20. Entire Agreement. It is understood and agreed that this Agreement contains the entire agreement between the parties and supersedes any and all prior agreements, arrangements or understandings between the parties relating to the subject matter. No oral understandings, statements, promises or inducements contrary to the terms of this Agreement exist. This Agreement cannot be changed or terminated orally.

Section 21. Relationship of Parties. Nothing contained in this Agreement shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association whatsoever between the parties, it being expressly understood and agreed that no provision contained in this Agreement nor any act or acts of the parties hereto shall be deemed to create any relationship between the parties other than the relationship of independent parties contracting with each other solely for the purpose of effecting the provisions of this Agreement.

Section 22. Right To Audit. City shall have the right to examine and audit the books and records of Professional with regards to the work described in Exhibit A, or any subsequent changes, at any reasonable time upon reasonable notice. Such books and records will be maintained in accordance with generally accepted principles of accounting and will be adequate to enable determination of: (1) the substantiation and accuracy of any payments required to be made under this Agreement; and (2) compliance with the provisions of this Agreement.

23. Dispute Resolution. In accordance with the provisions of Subchapter I, Chapter 271, TEX. LOCAL GOV'T CODE, the parties agree that, prior to instituting any lawsuit or other proceeding arising from a dispute under this agreement, the parties will first attempt to resolve the dispute by taking the following steps: (1) A written notice substantially describing the nature of the dispute shall be delivered by the dissatisfied party to the other party, which notice shall request a written response to be delivered to the dissatisfied party not less than 5 days after receipt of the notice of dispute. (2) If the response does not reasonably resolve the dispute, in the opinion of the dissatisfied party, the dissatisfied party shall give notice to that effect to the other party whereupon each party shall appoint a person having authority over the activities of the respective parties who shall promptly meet, in person, in an effort to resolve the dispute. (3) If those persons cannot or do not resolve the dispute, then the parties shall each appoint a person from the highest tier of managerial responsibility within each respective party, who shall then promptly meet, in person, in an effort to resolve the dispute.

24. Disclosure of Business Relationships/Affiliations; Conflict of Interest Questionnaire. Professional represents that it is in compliance with the applicable filing and disclosure requirements of Chapter 176 of the Texas Local Government Code and Chapter 2252 of the Texas Government Code.

25. Boycott Israel. The City may not enter into a contract with a company for goods and services unless the contract contains a written verification from the company that; (i) it does not Boycott Israel; and (ii) will not Boycott Israel during the term of the contract. (Texas Government Code Chapter 2270) by entering this agreement, Professional verifies that it does not Boycott Israel, and agrees that during the term of this agreement will not Boycott Israel as that term is defined in the Texas Government Code Section 808.001, as amended.

EXECUTED, by the City on this the _____ day of July, 2021.

CITY:

PROFESSIONAL:

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

ADDRESS FOR NOTICE:

CITY

City of Gonzales
Attn: Tim Patek
City Manager
820 St. Joseph Street
Gonzales, TX 78629

PROFESSIONAL

ABIP, PC.
Attn. Michael Del Toro, CPA
Partner
7330 San Pedro Avenue, Suite 901
San Antonio, Texas 78216

with a copy to:

City Attorney
City of Gonzales, Texas
Attn: Dan Santee
2517 N. Main Avenue
San Antonio, Texas 78212

Exhibit "A"

Scope of Services

I. SCOPE OF SERVICES REQUIRED

The City desires the auditor to express an opinion on the fair presentation of its general-purpose financial statements in conformity with generally accepted accounting principles (GAAP). The auditor shall also be responsible for performing certain limited procedures involving required supplementary information required by the Governmental Accounting Standards Board as mandated by generally accepted auditing standards.

On occasion, the city may request the auditor to perform other audits and reviews not specifically provided for under this section. If such a request is made, the auditor shall submit a separate proposal for completing the engagement, along with a proposed fee schedule.

- A. **Auditing Standards to be Followed:** To meet the requirements of the request for proposals, the audit shall be performed in accordance with: Generally accepted auditing standards as set forth by the American Institute of Certified Public Accountants, the standards for financial audits set forth in the U.S. General Accounting Office's (GAO) *Government Auditing Standards (1994)*, the provision of the federal Single Audit Act of 1984 and the provisions of U.S. Office Management and Budget (OMB) Circular A-133, *Audits of State and Local Governments*, and the provisions of the 1994 AICPA *Audits of State and Local Governmental Units* as well as the following additional requirements: City Ordinance or, where applicable, State and Federal Laws or regulations, including the *Texas Code of Criminal Procedures*.
- B. **Expected Timeline:** The field work of the Audit shall be conducted in November and/or December of each year with the Audit Report presentation to City Council during the regular council meeting in March (generally the second Thursday of the month).
- C. **Report to be Issued:** Following the completion of the audit of the fiscal year's financial statements the auditor shall issue:
 1. **Auditor's Opinion:** The selected firm shall prepare the appropriate written opinions required by law and common practice for inclusion in the audit reports. The selected firm will prepare the ACFR (fka CAFR) with input from management for the introductory and statistical sections also.
 2. **Management Conference and Letter:** The selected firm is to meet with the City Manager and Finance Director to discuss the areas in which the city can improve financial operations and reporting. The final recommendations shall be written in letterform and addressed to the Mayor and City Council. Ten (10) bound copies of the findings and recommendations observed during the engagement shall be provided with each fiscal year's reports.
 3. **Presentation of Audit Report:** The selected firm at the City's discretion shall be present for consideration and acceptance of the audit results to the City Council during the regular council meeting in March of each year or a date agreed upon by the auditing firm and city staff due to unforeseen circumstances.

4. **Single Audit Report:** The selected firm shall also complete a single audit report if the City meets the requirements of such. The city anticipates that it will need this done since they have received a few larger grants.

D. **Work Paper Retention and Access to Working Papers:** All working papers and reports must be retained, at the auditor's expenses, for a minimum of five (5) years, unless the firm is notified in writing by the City of the need to extend the retention period. The auditor will be required to make working papers available, upon request.

In addition, the firm shall respond to the reasonable inquiries of successor auditors and allow successor auditors to review working papers relating to matter of continuing accounting significance.

Exhibit "B"
Compensation



CPAs | ADVISORS

7330 San Pedro Avenue, Suite 901
San Antonio, Texas 78216
(210) 341-2581

CITY OF GONZALES, TEXAS

COST ESTIMATE FOR PROFESSIONAL AUDITING SERVICES
FOR THE FISCAL YEARS ENDED SEPTEMBER 30, 2021 – SEPTEMBER 30, 2023
WITH OPTION TO RENEW FOR TWO ADDITIONAL YEARS

Michael Del Toro, Partner, is entitled to represent the firm, empowered to submit this fee estimate, and authorized to sign a contract with the City of Gonzales, Texas.

Total All-Inclusive Maximum Price 2021 Audit	<u>\$28,175</u>
Total All-Inclusive Maximum Price 2021 Single Audit	<u>\$ 6,500</u>
Total All-Inclusive Maximum Price 2022 Audit	<u>\$29,300</u>
Total All-Inclusive Maximum Price 2022 Single Audit	<u>\$ 6,750</u>
Total All-Inclusive Maximum Price 2023 Audit	<u>\$32,175</u>
Total All-Inclusive Maximum Price 2023 Single Audit	<u>\$ 7,000</u>
Total All-Inclusive Maximum Price 2024 Audit	<u>\$33,300</u>
Total All-Inclusive Maximum Price 2024 Single Audit	<u>\$ 7,250</u>
Total All-Inclusive Maximum Price 2025 Audit	<u>\$34,425</u>
Total All-Inclusive Maximum Price 2025 Single Audit	<u>\$ 7,500</u>

Additional Services:

The billing rates for special projects or additional services that may be requested during the fiscal year

Partners	\$245 per hour
Manager	\$145 per hour
Supervisor	\$120 per hour

Exhibit "C"

Evidence of Insurance

COUNCIL AGENDA ITEM BRIEFING DATA



AGENDA ITEM

Discuss, Consider & Possible Action on Resolution #2021-56 Authorizing Gonzales County Historical Commission the use of Market Square including designated street closures for the Timeline to Texas Independence – Living History event on October 2, 2021

DATE: July 8, 2021

TYPE AGENDA ITEM:

Resolution

BACKGROUND:

Gonzales County Historical Commission wishes to host the Timeline to Texas Independence – Living History on October 2, 2021. The event will be held on Market Square from 9 a.m. until 5 p.m. with approximately 500 in attendance. They are asking to utilize the parking lots on Market Square and to close the 400 block of St. John Street between St. Lawrence and St. Louis Street.

POLICY CONSIDERATIONS:

This is consistent with current procedures for street closures and use of City owned property.

FISCAL IMPACT:

There will not be any fiscal impact to the City of Gonzales for this event.

STAFF RECOMMENDATION:

Staff respectfully requests the approval of this amendment to the approved resolution.

RESOLUTION NO. 2021-56

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF GONZALES, TEXAS AUTHORIZING GONZALES COUNTY HISTORICAL COMMISSION THE USE OF MARKET SQUARE INCLUDING DESIGNATED STREET CLOSURES FOR THE TIMELINE TO TEXAS INDEPENDENCE – LIVING HISTORY EVENT ON OCTOBER 2, 2021; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, Preservation Gonzales Inc., has presented an event sheet to request the street closure of St. John Street in the 400 Block from 9:00 a.m. on until 5:00 p.m. on October 2, 2021 for their Texas Independence-Living History event; and

WHEREAS, the street closures for the 400 block of St. John will include barricades to be placed at the intersection of St. Lawrence and St. John and St. Louis and St. John; and,

WHEREAS, the City Council hereby finds that said events increase the community spirit of the City of Gonzales and serve a public purpose.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GONZALES, TEXAS:

Section 1. The City Council of the City of Gonzales, Texas hereby authorizes the Gonzales County Historical Commission the use of Market Square for the Timeline to Texas Independence-Living History event, on October 2, 2021 from 9:00 a.m. to 5:00 p.m. as stated herein and set forth in the submitted Event form attached hereto as Exhibit A.

Section 2. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the City Council.

Section 3. All resolutions or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 4. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 5. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the City Council hereby declares that this Resolution would have been enacted without such invalid provision.

Section 6. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject

matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, Texas Government Code, as amended.

Section 7. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

PASSED AND APPROVED this 8th day of July, 2021.

Mayor, Connie L. Kacir

ATTEST:

Kristina Vega, City Secretary

GONZALES EVENT INFORMATION SHEET



THIS INFORMATION IS TO BE PROVIDED TO THE CITY OF GONZALES AT LEAST 30 DAYS
PRIOR TO ALL PUBLIC AND PRIVATE EVENTS HELD ON CITY PROPERTY

EVENT NAME Timeline to Texas Independence - Living History
HOST ORGANIZATION Gonzales County Historical Commission
CONTACT NAME Glenda Gordon
CONTACT CELL PHONE [REDACTED]
EVENT DATE(S) Oct 2, 2021
EVENT START TIME 9 AM **EVENT END TIME** 5 PM
EVENT LOCATION Market Square - Riverside School Bldg.
HOLIDAY CELEBRATED Y N **HOLIDAY:** _____
COUNCIL APPROVAL REQUIRED Y N **MEETING DATE:** _____

POLICE/FIRE/EMS DEPARTMENT

ATTENDANCE ESTIMATE 500+ **FOOD:** Y N
MUSIC Y N **LIVE** **DJ**
ALCOHOL Y N **RESPONSIBLE PARTY** _____
MOTORIZED VEHICLES Y N **PARADE** **SHOW**
EVENT TYPE Public Private
SECURITY Y N **# OFFICERS NEEDED** _____ (Call 672-8686 for costs)

ELECTRIC DEPARTMENT

ADDITIONAL LIGHTING Y N **# OF OUTLETS:** _____
AMPS/WATTS NEEDED _____
TENT Y N **SET UP DAY/TIME** _____
TENT SIZE: _____ **TAKE DOWN DAY/TIME** _____

STREETS DEPARTMENT

STREETS AFFECTED Y N closed at St John @ St Lawrence and St Louis
BARRICADES NEEDED (max 12) Y N = 2
CONES NEEDED (max 48) Y N 12 - block ent. to Water St St Lawrence
STREETS TO BE CLOSED Y N Parking.
SET UP TIME [REDACTED] **TAKE DOWN TIME** _____

COMMUNITY SERVICES DEPARTMENT

NUMBER OF CHAIRS @ \$0.50 each (max 500) 20 in Riverside S.E. Rm.
NO. OF ROUND TABLES @ \$2.00 each (max 15) _____
NO. OF 8 FOOT TABLES @ \$2.00 each (max 50) _____
NUMBER OF TRASH CANS (max 25) 10
SET UP TIME Delivery - Fri. Oct 1 **TAKE DOWN TIME** _____

FOR INFORMATION CONTACT CITY SECRETARY'S OFFICE citysecretary@gonzales.texas.gov
(830) 672-2815- City Hall **(830) 672-2813- Fax**

The undersigned does indemnify and hold harmless the City of Gonzales from and against any and all loss, cost (including statutory liability and liability under workers compensation laws) in connection with claims for damages as a result of injury or death to any person or damage to any property sustained by the individual(s) participating in or attending the permitted event, or any and all other persons, which arise from, or in any manner grow out of, any act or neglect on, about or during the event by the individual(s) or entity obtaining the permit to host the event, participants in the event, guests or attendees.

Glenda Gordon, GCHC - Chair

AUTHORIZED SIGNATURE

DATE

Event: Timeline to Texas Independence: Annual, Come and Take It Festival Saturday

2021: Saturday, October 2

Location: Market Square, and Riverside School Building (Hospitality for Organizations involved)

8:00 am – 5:00 pm

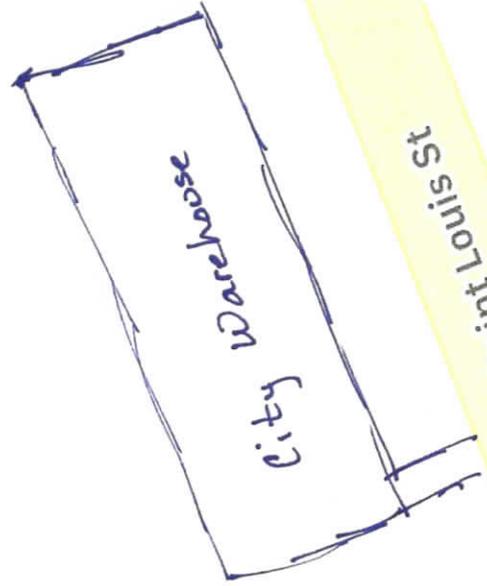
Purpose: Explore all the major events of the Texas Revolution Through Living History

- **Battle of Gonzales: Come and Take It, Immortal 32, Houston builds his army, Runaway Scrape DeWitt's Colony Assn.**
- **Washington on the Brazos: Forming the Government; Declaration of Independence**
- **Battle of Bexar: Battle of Concepcion, Grass Fight, Bexar battle; Texans take the town and Alamo: Battle of the Alamo;13 Day Siege**
- **San Felipe: Austin headquarters, printing press (disperses Travis letters and spreading news of fighting; Runaway Scrape;**
- **Goliad; Battle of Coleto Creek, Goliad Massacre; Urrea going parallel to Santa Anna**
- **San Jacinto: Battle and Victory!**

Organizations Involved:

- **Texas Independence Trail Region**
- **THC-**
 - **Washington on the Brazos State Historic Site**
 - **San Felipe de Austin State Historic Site**
 - **San Jacinto Battleground State Historic Site**
 - **GCHC First Shot Battle Site Committee**
 - **Presidio La Bahia**

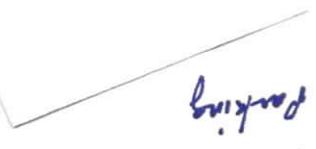
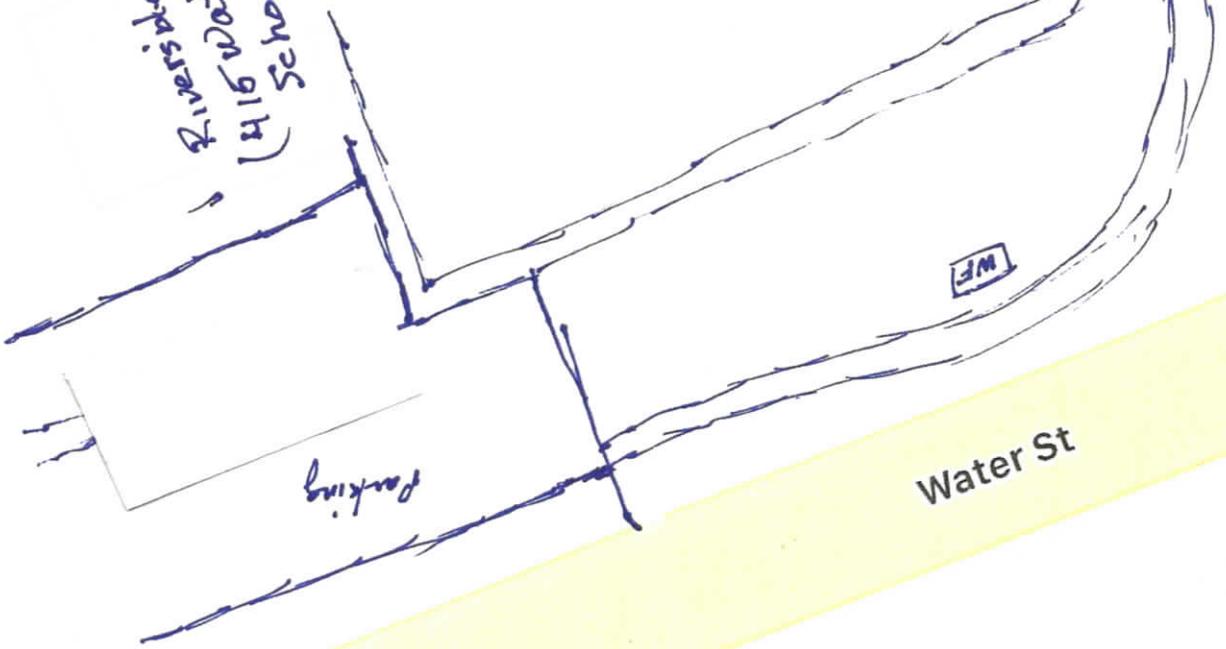
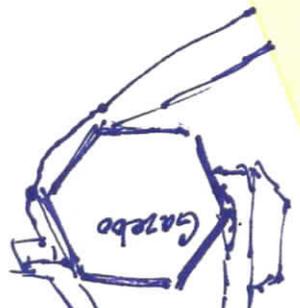
Saint John St



Saint Louis St

Saint Lawrence St

Riverside
(416 Water St.)
School



Water St



RESOLUTION NO. 2021-57

RESOLUTION AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO ISSUE CERTIFICATES OF OBLIGATION TO FINANCE IMPROVEMENTS AT J.B. WELLS PARK

THE STATE OF TEXAS §
COUNTY OF GONZALES §
CITY OF GONZALES §

WHEREAS, the City Council of the **CITY OF GONZALES, TEXAS** (the "**City**") hereby determines that it is necessary and desirable to repair, acquire, construct, and equip improvements at J.B. Wells Park (collectively, the "**Projects**"); and

WHEREAS, the City Council of the City intends to finance the Projects from proceeds derived from the sale of one or more series of "*Combination Tax and Revenue Certificates of Obligation*" issued by the City pursuant to Sections 271.041 - 271.064, Texas Local Government Code, as amended; and

WHEREAS, pursuant to Section 271.049, Texas Local Government Code, the City Council deems it advisable to give notice of intention to issue certificates of obligation in an amount not to exceed an aggregate of \$ _____ for the purpose of paying, in whole or in part, the Projects, to pay all or a portion of the legal, fiscal and engineering fees in connection with the Projects, and to pay the costs of issuance related to the certificates of obligation; and

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

THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GONZALES, TEXAS:

SECTION 1. APPROVAL OF NOTICE OF INTENTION. Attached hereto as *Exhibit A* is a form of the "*Notice of Intention to Issue Combination Tax and Revenue Certificates of Obligation*," the form and substance of which is hereby adopted and approved. The City Manager, City Secretary, and Director of Finance of the City are each authorized to make changes to the Notice as necessary prior to its publication and posting as described in Sections 3 and 4 below.

SECTION 2. DESIGNATION OF SELF-SUPPORTING DEBT. In connection with providing the information contained in the Notice approved in Section 1 above, attached hereto as *Exhibit B* is a list of outstanding debt obligations of the City which the City hereby designates as self-supporting debt for the purposes of Section 271.049(e), Texas Local Government Code.

SECTION 3. PUBLICATION OF NOTICE OF INTENTION IN NEWSPAPER. The City Secretary shall cause the Notice to be published in substantially the form attached hereto in a newspaper, as defined by Subchapter C, Chapter 2051, Government Code, that is of general circulation in the area of the City, on the same day in each of two consecutive weeks, the date of the first publication thereof to be at least 46 days before the date tentatively set for the passage of the ordinance authorizing the issuance of such certificates of obligation as shown in the Notice.

SECTION 4. POSTING OF NOTICE OF INTENTION ON CITY'S WEBSITE. The City Secretary shall further cause the Notice to be posted on the City's internet website beginning at least 45 days before, and continuing through, the date tentatively set for the passage of the ordinance authorizing the issuance of such certificates of obligation as shown in the Notice.

SECTION 5. INCORPORATION OF RECITALS. The City Council hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the City Council hereby incorporates such recitals as a part of this Resolution.

SECTION 6. EFFECTIVE DATE. This Resolution shall become effective immediately upon passage.

[The remainder of this page intentionally left blank]

***PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF GONZALES,
TEXAS AT A SPECIAL MEETING ON JUNE 24, 2021, AT WHICH MEETING A QUORUM
WAS PRESENT.***

Mayor
City of Gonzales, Texas

Attest:

City Secretary
City of Gonzales, Texas

(City Seal)

Signature Page to Notice of Intention Resolution Relating to the Issuance of
City of Gonzales, Texas Combination Tax and Revenue Certificates of Obligation

EXHIBIT A

**CITY OF GONZALES, TEXAS
NOTICE OF INTENTION TO ISSUE
COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION**

The City Council of the City of Gonzales, Texas (the "City") does hereby give notice of intention to issue one or more series of *City of Gonzales, Texas Combination Tax and Revenue Certificates of Obligation* in the maximum aggregate principal amount not to exceed \$ _____ for the purpose of paying, in whole or in part, contractual obligations to repair, acquire, construct and equip improvements at J.B. Wells Park (collectively, the "Projects"), and paying all or a portion of the legal, fiscal, and engineering fees in connection with the Projects and costs of issuance related to such Certificates of Obligation. The City proposes to provide for the payment of such Certificates of Obligation from the levy and collection of ad valorem taxes in the City as provided by law and from a lien on and pledge of "Surplus Revenues," if any, received by the City from the ownership and operation of the City's municipal waterworks and sewer system. The current principal of all currently outstanding debt obligations of the City is \$ _____, the combined principal and interest required to pay all currently outstanding debt obligations of the City on time and in full is \$ _____, the estimated combined principal and interest required to pay the proposed Certificates on time and in full is \$ _____, the estimated interest rate for the proposed Certificates is __. __%, and the maximum maturity date of the proposed Certificates is March 1, 20__.

The prior statements regarding currently outstanding debt obligations of the City do not include debt that the City has designated as self-supporting and payable from revenues other than ad valorem taxes, if any. The City Council proposes to authorize the issuance of such Certificates of Obligation at 6:00 p.m. on Thursday, August __, 2021, at a _____ Meeting at the City Hall, City of Gonzales, Texas.

/s/ Connie L. Kacir
Mayor, City of Gonzales, Texas

EXHIBIT B

**DESIGNATION OF SELF-SUPPORTING INDEBTEDNESS
SECURED WITH AD VALOREM TAXES**

<u>TITLE OF OUTSTANDING OBLIGATIONS</u>	<u>OUTSTANDING PRINCIPAL AMOUNT (\$)</u>	<u>AMOUNT DESIGNATED AS SELF-SUPPORTING (\$)</u>
General Obligation Refunding Bonds, Series 2020	3,630,000	0
Combination Tax and Revenue Certificates of Obligation, Series 2019	5,535,000	
Combination Tax and Elec. System Revenue Certificates of Obligation, Series 2017	1,300,000	1,300,000
Combination Tax and Revenue Certificates of Obligation, Series 2015	2,470,000	2,470,000
TOTALS		

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS
COUNTY OF GONZALES
CITY OF GONZALES

§
§
§

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

1. The City Council of the City (the "**City Council**") convened in Special Meeting on June 24, 2021, at the designated meeting place (the "**Meeting**"), and the roll was called of the duly constituted officers and members of the City Council, to wit:

- Connie L. Kacir, Mayor
- Joseph "Poochy" Kridler, Councilman District 1
- Tommy Schurig, Councilman District 2
- Bobby O'Neal, Councilman District 3
- Robert R. Brown, Jr., Councilman District 4

and all of the officers and members of the City Council were present, except the following absentees: _____, thus constituting a quorum.

Whereupon, among other business, the following was transacted at the Meeting: a written

**RESOLUTION AUTHORIZING PUBLICATION OF NOTICE OF INTENTION TO
ISSUE CERTIFICATES OF OBLIGATION TO FINANCE STREET, SIDEWALK
AND RELATED DRAINAGE IMPROVEMENTS AT VARIOUS LOCATIONS IN
THE CITY**

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

AYES: _____ NOES: _____ ABSTENTIONS: _____

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

SIGNED AND SEALED the 24th day of June, 2021.

(SEAL)

City Secretary, City of Gonzales, Texas

ORDINANCE NO. 2021-20

ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$1,950,000 IN PRINCIPAL AMOUNT OF *CITY OF GONZALES, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021*; AUTHORIZING THE SALE THEREOF PURSUANT TO A NEGOTIATED UNDERWRITING, A COMPETITIVE SALE, OR A PRIVATE PLACEMENT; DELEGATING AUTHORITY TO CERTAIN CITY OFFICIALS TO DETERMINE THE METHOD OF SALE, TO SELECT UNDERWRITERS (IF THE BONDS ARE TO BE SOLD PURSUANT TO A NEGOTIATED UNDERWRITING), AND TO APPROVE ALL FINAL TERMS OF THE BONDS; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT AND A PURCHASE CONTRACT; AUTHORIZING THE PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT, IF NECESSARY; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

DATE OF APPROVAL: JUNE 24, 2021

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ORDINANCE NO. 2021-__

ORDINANCE AUTHORIZING THE ISSUANCE OF UP TO \$1,950,000 IN PRINCIPAL AMOUNT OF CITY OF GONZALES, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021; AUTHORIZING THE SALE THEREOF PURSUANT TO A NEGOTIATED UNDERWRITING, A COMPETITIVE SALE, OR A PRIVATE PLACEMENT; DELEGATING AUTHORITY TO CERTAIN CITY OFFICIALS TO DETERMINE THE METHOD OF SALE, TO SELECT UNDERWRITERS (IF THE BONDS ARE TO BE SOLD PURSUANT TO A NEGOTIATED UNDERWRITING), AND TO APPROVE ALL FINAL TERMS OF THE BONDS; APPROVING AND AUTHORIZING THE EXECUTION OF ALL INSTRUMENTS AND PROCEDURES RELATED THERETO INCLUDING A PAYING AGENT/REGISTRAR AGREEMENT AND A PURCHASE CONTRACT; AUTHORIZING THE PREPARATION AND DISTRIBUTION OF AN OFFICIAL STATEMENT, IF NECESSARY; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

THE STATE OF TEXAS §
COUNTY OF GONZALES §
CITY OF GONZALES §

WHEREAS, the CITY OF GONZALES, TEXAS (the "**City**") in Gonzales County, Texas, is a political subdivision of the State of Texas operating as a home-rule city pursuant to the Texas Local Government Code and its City Charter which was initially approved by the qualified voters of the City on December 10, 1957, and which has been amended from time to time, with the most recent amendments being approved by the qualified voters of the City on May 4, 2019; and

WHEREAS, the City owns and operates as a part of its Parks and Recreation Department a municipal park known as J.B. Wells Park; and

WHEREAS, the land comprising J.B Wells Park (the "**Park Land**") was conveyed to the City by the Trustees of the estate of J.B. Wells, Jr. in accordance with a Trustee's Deed, dated August 27, 1999 (the "**Deed**"); and

WHEREAS, since 2017, the City has been a party to a lawsuit filed against the City in the County Court of Gonzales, County (the "**Court**") under Cause No. OTH-17-9886 and known as "**Estate of J.B. Wells, Jr., Deceased**" (the "**Lawsuit**"), in which the beneficiary of a reversionary interest in the Park Land (i.e., Austin Presbyterian Seminary - the "**Seminary**") challenged certain uses by the City of the Park Land violated certain provisions of the Deed and the Will of J.B. Wells, Jr. and entitled the Seminary to certain compensation; and

WHEREAS, on June 8, 2021, the City and the Seminary executed a "**Settlement Agreement and Mutual Release of All Claims**" (the "**Settlement Agreement**") in which such parties denied any and all wrongdoing and any liability to the other parties but, nevertheless, agreed to settle the Lawsuit under the terms stated therein, which includes the payment of \$1,825,000 by the City to the Seminary by no later than October 8, 2021; and

WHEREAS, in satisfaction of paragraph 2 of the Settlement, the City Council of the City approved the Settlement Agreement on June 10, 2021, and the governing body of the Seminary approved the Settlement Agreement on June __, 2021; and

WHEREAS, on or about July 12, 2021, the Court is expected to enter a final judgement of the Lawsuit (the "**Final Judgement**") which will approve the Settlement Agreement, will formally finalize and end all litigation between the parties with respect to J.B Wells Park, the Park Land, and the Deed, and will be non-appealable by the parties; and

WHEREAS, Chapter 1207, Texas Government Code ("**Chapter 1207**"), specifically Section 1207.002 thereof, authorizes the City to issue refunding bonds under Chapter 1207 to refund all or any part of the City's "*outstanding bonds, notes, or other general or special obligations*"; and

WHEREAS, upon the Court's execution of the Final Judgement, the payment by the City of \$1,825,000 to the Seminary as set forth in the Settlement Agreement will be considered a "special obligation" (hereafter referred to as the "**Refunded Obligation**") which may be refunded through the issuance of refunding bonds issued pursuant to Chapter 1207; and

WHEREAS, the City Council hereby finds and declares a public purpose and deems it necessary and advisable, and in the best interests of the City, to issue a series of general obligation refunding bonds (defined in Section 2 hereof as the "**Bonds**"), the proceeds of which will be used to pay costs of issuance and refund the Refunded Obligation in order to fully satisfy the Final Judgement by no later than October 8, 2021; and

WHEREAS, the City Council acknowledges that the aggregate amount of debt service payments to be made on the Bonds will exceed the aggregate amount of payments that would have been made under the terms of the Refunded Obligation had the Refunded Obligation been paid in full on or before October 8, 2021, with non-debt funds instead of issuing the Bonds as long-term interest-bearing obligations to be paid over a period of years and will, therefore, result in a gross debt service loss of up to \$ _____ and a net present value debt service loss of up to \$ _____ (based on the assumption that the true interest cost rate of the Bonds does not exceed _____% per annum and the Bonds mature no later than _____, 20__, as further provided and required in Section 1(b) of this Ordinance); and

WHEREAS, pursuant to the provisions of Sections 1207.007(a)(4)(B) and 1207.007(b) of Chapter 1207, the City now desires to delegate to the City Manager and the Director of Finance of the City (each a "**Designated Official**") the authority to effect the sale of the Bonds and establish the terms and details related to the issuance and sale of the Bonds; and

WHEREAS, the Bonds hereinafter authorized and designated are to be issued and delivered pursuant to Chapter 1207; and

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

THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GONZALES:

SECTION 1. AMOUNT AND PURPOSE OF THE BONDS; DELEGATION OF AUTHORITY TO CERTAIN CITY OFFICIALS.

(a) Authorization to Issue General Obligation Refunding Bonds. General obligation bonds of the City are hereby authorized to be issued and delivered in the aggregate principal amount as designated by the Mayor, the City Manager and/or the Director of Finance of the City (each a "**Designated Officer**") pursuant to the provisions of Section 1(b) of this Ordinance **FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND THE CITY'S FINANCIAL OBLIGATION SET FORTH IN THE FINAL JUDGEMENT OF THE COUNTY COURT OF GONZALES COUNTY, TEXAS RELATING TO THE ESTATE OF J.B. WELLS, JR., DECEASED, AS FURTHER DESCRIBED IN THE RELATED "SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF ALL CLAIMS," AND TO PAY FOR COSTS OF ISSUANCE.**

(b) Delegation of Final Terms. As authorized by Section 1207.007, Texas Government Code, each Designated Official of the City is hereby independently authorized, appointed, and designated as the officers of the City authorized to act on behalf of the City to effect the sale of the Bonds and to establish the terms and details related to the issuance and sale of the Bonds including the total aggregate principal amount of Bonds to be issued (but in no event to exceed \$1,950,000 in aggregate principal amount), the price at which the Bonds will be sold (but in no event shall the Bonds be sold at a price which would result in a gross debt service loss of more than \$_____ and a present value debt service loss of more than \$_____), the date of the Bonds, the aggregate principal amount of each maturity thereof, the due date of each maturity (but in no event later than _____ 1, 20__), the rate of interest to be borne on the principal amount of each such maturity (but in no event to exceed a true interest cost rate for all of the Bonds of ___% per annum), the interest payment periods, the dates, price and terms upon and at which the Bonds shall be subject to any optional or mandatory sinking fund redemption provisions for any maturity, and all other matters relating to the issuance, sale and delivery of the Bonds. Each Designated Official, acting for and on behalf of the City, each is further authorized to (i) complete and attach Exhibit A of this Ordinance, (ii) revise and complete the FORM OF BOND set forth in Section 5 of this Ordinance, with the final terms of the Bonds approved pursuant to the authority granted herein, (iii) select a financial institution to serve as the paying agent/registrar for the Bonds (herein referred to as the "**Paying Agent/Registrar**"), and to approve and execute a Paying Agent/Registrar Agreement between the City and the Paying Agent/Registrar (upon consultation with the City's Bond Counsel), (iv) if it is determined to sell the Bonds pursuant to a negotiated underwriting, approve the form, enter into, execute and carry out a Purchase Contract to purchase the Bonds (in the form approved by Bond Counsel for the City) with one or more investment banking firms selected by a Designated Official to serve as the underwriters for the Bonds (which firms shall be named in Exhibit A of this Ordinance), (v) if it is determined to sell the Bonds pursuant to a competitive sale, approve the form

of a Notice of Sale related to such competitive sale and execute the bid submitted by the winning bidder (which shall be named in Exhibit A of this Ordinance), and (vi) if it is determined to sell the Bonds pursuant to a private placement, approve bidding documents to be sent to potential bidders, approve the bid providing the most advantageous terms for the City, and execute a Purchase Letter to purchase the Bonds (in the form approved by Bond Counsel for the City) with the winning bidder (which shall be named in Exhibit A of this Ordinance).

(c) Determination Required by Section 1201.022(a)(3), Texas Government Code. In satisfaction of Section 1201.022(a)(3), Texas Government Code, the City Council hereby determines that the delegation of the authority to each Designated Officer to approve the final terms of the Bonds set forth in this Ordinance is, and the decisions made by a Designated Officer pursuant to such delegated authority and incorporated in Exhibit A will be, in the City's best interests, and each Designated Officer is hereby authorized to make and include in Exhibit A an appropriate finding to that effect.

(d) Expiration of Delegation Authority. The authority delegated to a Designated Officer pursuant to Sections 1(b) and (c) above shall expire on October 8, 2021.

SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF BONDS. Each Bond issued pursuant to this Ordinance shall be designated **CITY OF GONZALES, TEXAS GENERAL OBLIGATION REFUNDING BOND, SERIES 2021**, and initially there shall be issued, sold and delivered hereunder one fully registered bond, numbered T-1 (the "**Initial Bond**"), without interest coupons, dated as of the date determined by a Designated Officer and set forth in Exhibit A, and payable on the dates and in the principal amounts determined by a Designated Officer and set forth in Exhibit A, with Bonds issued and delivered in substitution for the Initial Bond being in the denomination of \$5,000 or any integral multiple thereof, being numbered consecutively from R-1 upward, and being payable to the initial registered owner designated in Section 13 hereof, or to the registered assignee or assignees of said Bonds or any portion or portions thereof (the "**Registered Owner**").

SECTION 3. INTEREST. The Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BOND set forth in this Ordinance to their respective dates of maturity, or prior redemption, at the rates per annum determined by a Designated Officer as set forth in Exhibit A attached hereto. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Ordinance.

SECTION 4. CHARACTERISTICS OF THE BONDS.

(a) Registration, Transfer, and Exchange; Authentication. The City shall keep or cause to be kept at the designated corporate trust or commercial banking office of the financial institution determined by a Designated Official to serve as the paying agent/registrar for the Bonds, which shall be designated in Exhibit A attached hereto (the "**Paying Agent/Registrar**") books or records for the registration of the transfer and exchange of the Bonds (the "**Registration Books**"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or

records and make such registrations of transfers and exchanges under such reasonable regulations as the City and Paying Agent/Registrar may prescribe, and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. The City shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BOND set forth in this Ordinance. Registration of assignments, transfers and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for transfer and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the City or any other body or person so as to accomplish the foregoing transfer and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Sections 1201.061 through 1201.067 of the Public Securities Code, Chapter 1201, Texas Government Code, the duty of transfer and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Ordinance. The Paying Agent/ Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Bonds.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, if any, (iii) may be transferred and

assigned, (iv) may be exchanged for other Bonds, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) shall be payable as to principal interest, and (viii) shall be administered and the Paying Agent/Registrar, and the City shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance. The Initial Bond is not required to be, and shall not be, authenticated by the Paying Agent/ Registrar, but on each substitute Bond issued in exchange for the Initial Bond issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Bond delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set forth in the FORM OF BOND below, 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 Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and has been registered by the Comptroller.

(d) Substitute Paying Agent/Registrar. The City covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the City covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry Only System for Bonds. The Bonds issued in exchange for the Bonds initially issued to the purchaser specified in Section 13 herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The

Depository Trust Company of New York ("**DTC**"), and except as provided in subsection (i) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("**DTC Participant**") to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the Ordinance of the registered owners, as shown in the Registration Books 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 principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the City to make payments of principal and interest 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 being mailed to the registered owner at the close of business on the Record Date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfers Outside Book-Entry Only Systems. In the event that the City determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the City shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books 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 registered

owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the City to DTC.

(h) DTC Letter of Representation. The officers of the City are herein authorized for and on behalf of the City and as officers of the City to enter into one or more Letters of Representation, if necessary, with DTC establishing the book-entry only system with respect to the Bonds.

(i) Delivery of Initial Bond. On the closing date, one Initial Bond representing the entire principal amount of the Bonds and, payable in stated installments to the initial registered owner named in Section 13 of this Ordinance or its designee, executed by manual or facsimile signature of the Mayor or Mayor Pro-Tem and the City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial purchaser or its designee. Upon payment for the Bonds, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to the initial registered owner or its designee one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity.

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

[The remainder of this page intentionally left blank]

FORM OF BOND

R-__

Principal Amount
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF GONZALES
CITY OF GONZALES, TEXAS
GENERAL OBLIGATION REFUNDING BOND, SERIES 2021

<u>INTEREST RATE</u>	<u>DATE OF SERIES</u>	<u>MATURITY DATE</u>	<u>CUSIP NO.</u>
____%	____, 2021	March 1, 20__	382010 ____

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE specified above, the **CITY OF GONZALES, TEXAS** (the "*City*"), being a political subdivision and home-rule municipality of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "**Registered Owner**") the Principal Amount set forth above, and to pay interest thereon from the date of initial delivery of this Bond as shown on the records of the Paying Agent/Registrar defined and identified below, at the Interest Rate per annum specified above, on March 1, 2022, and semiannually on each March 1 and September 1 thereafter to the Maturity Date specified above or the date of redemption prior to stated maturity; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such Principal Amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON THIS BOND are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity at the designated corporate trust or commercial banking office (initially located in _____, Texas) of _____, which is the "**Paying Agent/Registrar**" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the City required

by the ordinance authorizing the issuance of the Bonds (the "**Bond Ordinance**") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the Registered Owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. 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 (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice. The City covenants with the Registered Owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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

THIS BOND IS ONE OF A SERIES OF BONDS, dated as of _____, 2021, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$_____ **FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND THE CITY'S FINANCIAL OBLIGATION SET FORTH IN THE FINAL JUDGEMENT OF THE COUNTY COURT OF GONZALES COUNTY, TEXAS RELATING TO THE ESTATE OF J.B. WELLS, JR., DECEASED, AS FURTHER DESCRIBED IN THE RELATED "SETTLEMENT AGREEMENT AND MUTUAL RELEASE OF ALL CLAIMS," AND TO PAY FOR COSTS OF ISSUANCE.**

ON MARCH 1, 20__, **OR ON ANY DATE THEREAFTER**, the Bonds scheduled to mature on and after March 1, 20__, may be redeemed prior to their scheduled maturities, at the option of the City, with funds derived from any available and lawful source, as a whole, or in part (provided that a portion of such Bond may be redeemed only in an integral multiple of \$5,000 in principal amount) at the redemption price equal to the principal amount being called for redemption plus unpaid accrued interest. If less than all of such Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar at random and by lot.

ADDITIONALLY, THE BONDS MATURING on March 1 in the years 20__, 20__, and 20__ (the "**Term Bonds**") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

TERM BONDS MATURING MARCH 1, 20		TERM BONDS MATURING MARCH 1, 20	
Mandatory Redemption Date	Redemption Amount (\$)	Mandatory Redemption Date	Redemption Amount (\$)
March 1, 20		March 1, 20	
March 1, 20		March 1, 20	
March 1, 20 (maturity)		March 1, 20 (maturity)	

TERM BONDS MATURING MARCH 1, 20	
Mandatory Redemption Date	Redemption Amount (\$)
March 1, 20	
March 1, 20	
March 1, 20 (maturity)	

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the City, by the principal amount of any such Term Bonds which, prior to the date of the mailing of notice of such mandatory redemption, (i) shall have been acquired by the City and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the City, or (iii) shall have been redeemed pursuant to the optional redemption provisions described in the preceding paragraph and not theretofore credited against a mandatory redemption requirement.

AT LEAST 30 DAYS PRIOR to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. The notice with respect to an optional redemption of Bonds may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the City retains the right to rescind

such notice at any time prior to the scheduled redemption date if the City delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is so rescinded. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is mailed (and not rescinded), and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in the Bond Ordinance.

ALL BONDS OF THIS SERIES are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Ordinance, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the City. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange of a Bond during the period commencing with the close of business on any Record Date immediately preceding a principal or interest payment date for such Bond and ending with the opening of business on the next following principal or interest payment date.

WHENEVER THE BENEFICIAL OWNERSHIP of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

IN THE EVENT ANY PAYING AGENT/REGISTRAR for the Bonds is changed by the City, resigns, or otherwise ceases to act as such, the City has covenanted in the Bond Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Bonds.

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

THE CITY HAS RESERVED THE RIGHT TO AMEND the Bond Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Bonds.

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

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

(facsimile signature)
City Secretary, City of Gonzales, Texas

(facsimile signature)
Mayor [Pro-Tem], City of Gonzales, Texas

(Seal)

**FORM OF REGISTRATION CERTIFICATE OF
THE COMPTROLLER OF PUBLIC ACCOUNTS:**

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this

(Comptroller's Seal)

Comptroller of Public Accounts
of the State of Texas

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

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

Dated

Paying Agent/Registrar

By _____
Authorized Representative

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned Registered Owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

(Assignee's Social Security or Taxpayer Identification) (Print or typewrite Assignee's name and address, including zip code)

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

Dated: _____

Signature Guaranteed:

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

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

INITIAL BOND INSERTIONS

The Initial Bond shall be in the form set forth above except that:

- (A) Immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall be completed with the words "As shown below" and "CUSIP NO. _____" shall be deleted.
- (B) The first paragraph shall be deleted and the following shall be inserted:

"ON THE RESPECTIVE MATURITY DATES specified below, the **CITY OF GONZALES, TEXAS** (the "**City**"), being a political subdivision and home-rule municipality of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "**Registered Owner**"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from the date of initial delivery of this Bond as shown on the records of the Paying Agent/Registrar defined and identified below, at the respective Interest Rates per annum specified below, payable on March 1, 2021, and semiannually on each March 1 and September 1 thereafter

to the respective Maturity Dates specified below. The respective Maturity Dates, Principal Installments and Interest Rates for this Bond are set forth in the following schedule:

<u>MATURITY DATE</u> <u>(MARCH 1)</u>	<u>PRINCIPAL</u> <u>INSTALLMENT (\$)</u>	<u>INTEREST</u> <u>RATE (%)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

[Insert information from Exhibit A]

(C) The Initial Bond shall be numbered "T-1."

SECTION 6. INTEREST AND SINKING FUND; TAX LEVY; SECURITY INTEREST.

(a) *Interest and Sinking Fund; Tax Levy.* A special "**Interest and Sinking Fund**" is hereby created and shall be established and maintained by the City at an official depository bank of the City. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and the principal of said Bonds. Immediately after the issuance and delivery of the Bonds, all accrued interest on the Bonds, together with any premium on the Bonds that is not used by the City to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, shall be deposited to the credit of the Interest and Sinking Fund. In addition, all ad valorem taxes levied and collected for and on account of said Bonds shall be deposited, as collected, to the credit of said Interest and Sinking Fund. For each fiscal year while any of the Bonds or interest thereon are outstanding and unpaid, the governing body of the City shall compute and ascertain a rate and amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures (but never less than 2% of the original principal amount of the Bonds as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the City, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the City for each year while any of the Bonds or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund created by this Ordinance. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) *Security Interest.* Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the ad valorem taxes granted by the City under Section 6(a) of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the ad valorem taxes granted by

the City under Section 6(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 7. INVESTMENTS. Funds on deposit in the Interest and Sinking Fund shall be secured by the depository bank of the City in the manner and to the extent required by law to secure other public funds of the City and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the City's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in the Interest and Sinking Fund shall have a final maturity no later than the next principal or interest payment date on which such funds will be needed. Income and profits from such investments shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

SECTION 8. DEFEASANCE OF BONDS.

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

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

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

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

(e) Selection of Bonds to be Defeased. In the event that the City elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

SECTION 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.

(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the registered owner thereof to the Paying

Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the registered owner applying for a replacement bond shall furnish to the City and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the registered owner shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond. In every case of damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

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

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

(e) *Authority for Issuing Replacement Bonds.* In accordance with Chapter 1201, Texas Government Code, as amended, this Section of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the City or any other body or person, and the duty of the replacement of such bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

SECTION 10. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS; AND OTHER MATTERS. The Mayor or Mayor Pro-Tem of the City is hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the City's Bond Counsel (with an appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the City) and the assigned CUSIP numbers may, at the option of the City, be printed on the Bonds issued and delivered under this

Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. In addition, if bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

SECTION 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.

(a) Covenants. The City covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "**Code**"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the City covenants as follows:

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

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

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

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

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

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

(A) proceeds of the Bonds invested for a reasonable temporary period of ninety days or less, until such proceeds are needed for the purpose for which the Bonds are issued,

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

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

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

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

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

(b) *Rebate Fund.* In order to facilitate compliance with the covenants set forth in Section 11(a)(9) above, a "**Rebate Fund**" is hereby established by the City for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

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

nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the Mayor, the City Manager, the Deputy City Manager, or the Director of Finance of the City to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

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

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

(f) Designation as Qualified Tax-Exempt Bonds. The City hereby designates the Bonds as "qualified tax-exempt bonds" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the City represents, covenants and warrants the following: (a) that during the calendar year in which the Bonds are issued, the City (including any subordinate entities) has not designated nor will designate bonds, which when aggregated with the Bonds, will result in more than \$10,000,000 of "qualified tax-exempt bonds" being issued; (b) that the City reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Bonds are issued, by the City (or any subordinate entities) will not exceed \$10,000,000; and, (c) that the City will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code.

SECTION 12. COMPLIANCE WITH RULE 15c2-12.

(a) Definitions. As used in this Section, the following terms have the meanings ascribed to such terms below:

"**EMMA**" means the Electronic Municipal Market Access system being established by the MSRB.

"Financial Obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of a debt obligation or any such derivative instrument; provided that "financial obligation" shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

"MSRB" means the Municipal Securities Rulemaking Board.

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

"SEC" means the United States Securities and Exchange Commission.

(b) Annual Reports. The City shall provide annually to the MSRB through EMMA financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by this Ordinance being the information described in Exhibit F hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit F hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide (1) unaudited financial statements for such fiscal year within such required time, and (2) audited financial statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such statements become available.

If the City changes its fiscal year, it will notify the MSRB through EMMA 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 paragraph (b).

The financial information and operating data to be provided pursuant to this paragraph (b) may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(c) Event Notices.

The City shall file notice of the following events with respect to the Bonds to the MSRB through EMMA in a timely manner and not more than 10 business days after occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
7. Modifications to rights of the holders of the Bonds, if material;
8. Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds, if material;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City.
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
15. Incurrence of a Financial Obligation of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the City, any of which affect security holders, if material; and
16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

For these purposes, (a) any event described in the immediately preceding paragraph 12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers of the City 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, and (b) the City intends the words used in the immediately preceding paragraphs 15 and 16 and the definition of Financial Obligation in this Section to have the same meanings as when they are used in the Rule, as evidenced by SEC Release No. 34-83885, dated August 20, 2018.

The City shall file notice with the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) *Limitations, Disclaimers, and Amendments.* The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Section 8 of this Ordinance that causes Bonds no longer to be outstanding.

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

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

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

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

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, 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 Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision 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 Bonds in the primary offering of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

(e) Format, Identifying Information, and Incorporation by Reference. 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 subsection (b) of this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) available to the public on the MSRB's Internet Web site or filed with the SEC.

SECTION 13. SALE OF BONDS. The Bonds authorized hereunder are hereby authorized to be sold and shall be delivered to the initial purchaser approved by a Designated Officer named in Exhibit A attached hereto at a price determined by a Designated Officer and as set forth in Exhibit A attached hereto and pursuant to the terms and provisions of a Purchase Contract in the form approved by a Designated Officer, which each Designated Officer is individually hereby authorized and directed to execute and deliver. The City will initially deliver to the initial purchaser the Initial Bond described in Section 2 hereof, which shall be registered in the name of the initial purchaser named in Exhibit A attached hereto.

SECTION 14. USE OF PROCEEDS. Concurrently with the initial delivery of the Bonds, and in compliance with Section 6 of the Settlement Agreement, the City shall cause \$1,825,000 of the proceeds of the Bonds to be transferred to the Seminary c/o the IOLTA account of counsel to the Seminary, Marrs Ellis & Hodge LLP. The remaining proceeds of the Bonds shall be used to pay costs of issuance of the Bonds and thereafter to deposit into the Interest & Sinking Fund any excess funds not used to pay costs of issuance.

SECTION 15. APPROVAL OF OFFICIAL STATEMENT. The City hereby authorizes the Mayor, the City Manager or the Director of Finance of the City to approve the form and content of an Official Statement relating to the Bonds and any addenda, supplement, or amendment thereto, and to approve the distribution of the Official Statement in the reoffering of the Bonds by the Underwriter in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The preparation, distribution and use of a Preliminary Official Statement for the Bonds is also hereby approved.

SECTION 16. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES. The Mayor, Mayor Pro-Tem, City Manager, City Secretary and Director of Finance of the City are hereby expressly authorized, empowered, and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge, and deliver in the name and under the corporate seal and on behalf of the City all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the Official Statement, the Paying Agent/Registrar Agreement, the Deposit Agreement, and the Purchase Contract. In addition, prior to the initial delivery of the Bonds, the Mayor, Mayor Pro-Tem, City Manager, City Secretary, and Director of Finance of the City, and Bond Counsel to the City, are hereby authorized and directed to approve any technical changes or correction to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Bonds by the Attorney General's office. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Director of Finance of the City is further authorized to pay to the Attorney General of Texas prior to the delivery of the Bonds, for the Attorney General's review of the transcript of proceedings related to the Bonds, the amount required pursuant to Section 1202.004, Texas Government Code, as amended.

SECTION 17. ORDINANCE A CONTRACT; AMENDMENTS. This Ordinance shall constitute a contract with the registered owners of the Bonds, binding on the City and its successors and assigns, and shall not be amended or repealed by the City as long as any Bond remains outstanding except as permitted in this Section. The City may, without the consent of or notice to any registered owners, amend, change, or modify this Ordinance as may be required (i) by the provisions hereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change which is not to the prejudice of the registered owners. The City may, with the written consent of the registered owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Ordinance; provided that without the consent of all of the registered owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, (ii) give any preference to any Bond over any other

Bond, (ii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Bonds required for consent to any such amendment, change, modification, or rescission. Whenever the City shall desire to make any amendment or addition to or rescission of this Ordinance requiring consent of the registered owners, the City shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the registered owners at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the City shall receive an instrument or instruments in writing executed by the registered owners of a majority in aggregate principal amount of the Bonds then outstanding affected by any such amendment, addition, or rescission requiring the consent of the registered owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

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

SECTION 19. REMEDIES IN EVENT OF DEFAULT. In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the City (i) defaults in the payment of the principal, premium, if any, or interest on the Bonds, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance and the continuation thereof for 30 days after the City has received written notice of such defaults, the holders of any of the Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

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

SECTION 20. INCORPORATION OF RECITALS. The City hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the City hereby incorporates such recitals as a part of this Ordinance.

SECTION 21. SEVERABILITY. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 22. EFFECTIVE DATE. Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately after its adoption by the City Council.

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***PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF GONZALES,
TEXAS AT A REGULAR MEETING HELD ON THE 24TH DAY OF JUNE, 2021, AT WHICH
MEETING A QUORUM WAS PRESENT.***

Mayor, City of Gonzales, Texas

ATTEST:

City Secretary
City of Gonzales, Texas

(City Seal)

** ** * * *

Execution Page to the Ordinance Authorizing the Issuance of
City of Gonzales, Texas General Obligation Refunding Bonds, Series 2021

EXHIBIT A

FORM OF APPROVAL CERTIFICATE

CERTIFICATE APPROVING THE FINAL TERMS OF THE BONDS

I, the Director of Finance of the **CITY OF GONZALES, TEXAS** (the "**City**"), pursuant to authority granted by the provisions of Section 1207.007, Texas Government Code, and by the City Council of the City in Section 1(b) of an ordinance approved by the City Council on June 24, 2021, relating to the issuance of the Bonds defined below (the "**Ordinance**"), hereby certify as follows:

1. **GENERAL.** This Certificate is given in connection with the issuance by the City of the **CITY OF GONZALES, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021** (the "**Bonds**") which, pursuant to the Ordinance, have been authorized by the City Council.
2. **DEFINITIONS.** All capitalized terms used in this Certificate which are not otherwise defined herein shall have the same meanings as set forth in the Ordinance.
3. **DATED DATE AND AGGREGATE PRINCIPAL AMOUNT.** The Bonds shall be dated _____, 2021, and shall be issued in the aggregate principal amount of \$_____.
4. **PRINCIPAL AMOUNTS AND INTEREST RATES.** The Bonds shall (i) mature on the dates and in the respective principal amounts, and (ii) bear interest from the date of initial delivery of the Bonds to the initial purchaser named in paragraph 8 hereof to their respective date of maturity at the respective interest rates, all as set forth below:

**CITY OF GONZALES, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2021**

MATURITY DATE (MARCH 1)	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)	MATURITY DATE (MARCH 1)	PRINCIPAL AMOUNT (\$)	INTEREST RATE (%)
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5. **INTEREST ON BONDS.** As provided in Section 4 of the Ordinance and in the FORM OF BOND contained in Section 5 of the Ordinance, interest on the Bonds shall be payable on each March 1 and September 1, commencing on March 1, 2022, until stated maturity or redemption.

6. **OPTIONAL REDEMPTION.** The Bonds maturing on or after March 1, 20__, may be redeemed prior to their scheduled maturities, at the option of the City on March 1, 20__, or on any date thereafter at the redemption price equal to par plus accrued interest to the date fixed for redemption.

7. **MANDATORY SINKING FUND REDEMPTION.** The Bonds maturing on March 1 in the years 20__, 20__, and 20__ (the "*Term Bonds*") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

TERM BONDS MATURING MARCH 1, 20		TERM BONDS MATURING MARCH 1, 20	
Mandatory Redemption Date	Redemption Amount (\$)	Mandatory Redemption Date	Redemption Amount (\$)
March 1, 20		March 1, 20	
March 1, 20		March 1, 20	
March 1, 20 (maturity)		March 1, 20 (maturity)	

TERM BONDS MATURING MARCH 1, 20	
Mandatory Redemption Date	Redemption Amount (\$)
March 1, 20	
March 1, 20	
March 1, 20 (maturity)	

8. **INITIAL PURCHASER AND PURCHASE PRICE.**

If Bonds are sold pursuant to a negotiated underwriting, the following language shall be used:

The following firm(s) has/have been selected to serve as the underwriter(s) of the Bonds to purchase the Bonds pursuant to a negotiated underwriting:

(the "Senior Managing Underwriter")

The Bonds shall be sold to the underwriter(s) and purchased at a price equal to \$_____ (which amount is equal to par, plus/less [net] original issue premium/discount

on the Bonds of \$ _____, less underwriter[s]' discount of \$ _____), [plus accrued interest from _____, 2021] OR [and no accrued interest].

The Initial Bond shall be registered in the name of _____.

OR

If Bonds are sold pursuant to a competitive sale, the following language shall be used:

The following firm submitted the best bid to purchase the Bonds pursuant to a competitive sale:

The Bonds shall be sold to the initial purchaser and purchased at a price equal to \$ _____ (which amount is equal to par, plus/less [net] original issue premium/discount on the Bonds of \$ _____, less purchaser's discount of \$ _____), [plus accrued interest from _____, 2021] OR [and no accrued interest].

The Initial Bond shall be registered in the name of _____.

OR

If Bonds are sold pursuant to a private placement following the receipt of bids, the following language shall be used:

The following firm submitted the best bid to purchase the Bonds pursuant to a private placement sale:

The Bonds shall be sold to the purchaser and purchased at a price equal to \$ _____ (which amount is equal to par and no accrued interest).

The Initial Bond shall be registered in the name of _____.

9. **DETERMINATION OF DEBT SERVICE LOSS.** Pursuant to the Ordinance, the City Council authorized the issuance of the Bonds but provided that "*in no event shall the Bonds be sold at a price which would result in a gross debt service loss of more than \$ _____ and a net present value debt service loss of more than \$ _____.*" The final terms of the Bonds as set forth in this Certificate have achieved such purpose, for the issuance of the Bonds will result in a gross debt service loss of \$ _____ and a net present value debt service loss of \$ _____, after taking into account [excess proceeds of the Bonds] OR [_____] in the amount of \$ _____.

10. **DETERMINATION OF TRUE INTEREST COST RATE.** Pursuant to the Ordinance, the City Council authorized the undersigned, as a Designated Officer, to determine "*the rate of interest to be borne on the principal amount of each such maturity (but in no event to exceed a true interest cost rate for all of the Bonds of ___% per annum) . . .*" The final terms of the Bonds as set forth in this Certificate have achieved such purpose, for the issuance of the Bonds will result in a true interest cost rate of _____%.

11. **DETERMINATION REQUIRED BY SECTION 1201.022(A)(3), TEXAS GOVERNMENT CODE.** In satisfaction of Section 1201.022(a)(3), Texas Government Code, as authorized by Section 1(d) of the Ordinance, and upon consultation with the City's Financial Advisor, the undersigned hereby determines that the final terms of the Bonds as set forth in this Certificate are in the City's best interests.

[The remainder of this page intentionally left blank]

***APPROVED BY THE DIRECTOR OF FINANCE OF THE CITY OF GONZALES,
TEXAS ON THE _____ DAY OF _____, 2021 IN ACCORDANCE WITH SECTION 1(b) OF
THE ORDINANCE.***

Director of Finance, City of Gonzales, Texas

Signature Page to Certificate Approving Final Terms of the
City of Gonzales, Texas General Obligation Refunding Bonds, Series 2021

EXHIBIT B

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

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

- (i) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Bonds does not exceed an amount equal to the debt service on the Bonds in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Bonds for the immediately preceding 12-month period;
- (ii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (iii) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every five years after the date of delivery of the Bonds (the "**Issue Date**"), and (B) within 30 days after the date the Bonds are retired.

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

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Bonds are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Bonds are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);
- (iv) monitor whether, at any time the Bonds are outstanding, any person, other than the City, the employees of the City, the agents of the City or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;

- (v) determine whether, at any time the Bonds are outstanding, any person, other than the City, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Bonds are outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Resolution related to the public use of the facilities.

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

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

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 12 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 Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The annual audited financial statements of the City or the unaudited financial statements of the City in the event audited financial statements are not completed within twelve months after the end of any fiscal year.

2. All quantitative financial information and operating data with respect to the City of the general type included in Tables __ and __ through __ in Appendix A to the Official Statement, to be provided within six months after the end of each fiscal year in and after 2021.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.