

AGENDA

NOTICE OF MEETING

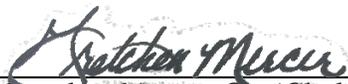
Notice is hereby given that the governing body of the City of Canyon will meet at 5:30 p.m. on the 20th day of June 2016, in the Commission Chambers of City Hall at 301 16th Street in the City of Canyon to discuss the following agenda items:

1. Call to Order.
2. Invocation.
3. Pledge of Allegiance.
4. Approval of the Minutes of the Meeting of June 6, 2016.
5. Public Comment – Comments from Interested Citizens.
6. First Reading of Resolution No. 10-2016 for the Purchase of Property located at 5th Ave owned by Read Automotive.
7. First Reading of Resolution No. 11-2016 With Regards to Direct Financial Assistance for New Business Development.
8. Consider and Take Appropriate Action All Matters Incident and Related to the Issuance and Sale of “City of Canyon, Texas, General Obligation Bonds, Series 2016”, Including the Adoption of Ordinance No. 1036 Authoring the Issuance of Such Bonds.
9. Consider and Take Appropriate Action on the Naming of the New Aquatic Facility.
10. Executive Session Pursuant to Texas Government Code §551.071 Consultation with Attorney, and §551.072 Real Property.
11. Consider and Take Appropriate Action on Items Discussed in Executive Session.
12. Adjournment.



Randy Criswell, City Manager

I certify that the above Notice of Meeting was posted on the bulletin board of the Civic Complex of the City of Canyon, Texas on the 17th day of June 2016.



Gretchen Mercer, City Clerk

CITY MANAGER'S EXECUTIVE SUMMARY OF AGENDA

To: Mayor and City Commission
From: Randy Criswell, City Manager
Date: June 20, 2016
Re: Executive Summary of Agenda Packet for June 20, 2016

Item Number 6

First Reading of Resolution No. 10-2016, regarding the purchase of the Read Automotive property by the EDC. No other action required tonight.

Item Number 7

First Reading of Resolution No. 11-2016 for Funding Assistance to the Panhandle Tap Room LLC, providing assistance not to exceed a total of \$46,000 over a three-year period. This will be the first reading, with no other action required.

Item Number 8

This item pertains to the issuance of the General Obligation Bonds to fund the new Aquatic Center as approved by voters last year. The proposed sale date for the bonds is June 15, with delivery of the bonds by July 19. The bonds will be sold on the open market, as previously anticipated, with a 20-year term. Jason Hughes will be here to answer any questions you've got about this process. **Action needed is to Adopt Ordinance Number 1036.**

Item Number 9

Naming of the new Aquatic Center. Even though we're still almost a year away from opening, we need make a decision about what we're going to name our new water park. The name and logo/character/whatever will need to be in the design documents, so we'll need to get that done pretty soon. It's staff's recommendation that we send the project to the Parks Committee. They might come up with a name, or they might want to conduct a "naming" contest. Or they might have some other idea. We need some direction from you as to whether or not you agree with that idea. If you've got ideas of your own, then just tell us and we'll proceed in that direction.

Item Number 10, Executive Session

Typical items for discussion.

The City Commission of the City of Canyon met in regular session at 5:30 p.m. in the City Commission Chambers of the Civic Complex. Mayor Alexander presided over the meeting with the following Commissioners in attendance Mayor Pro-Tem Gary Hinders, Joseph Shehan, and David Logan. Commissioner Justin Richardson was unable to attend.

Also present were the following City Staff: City Manager Randy Criswell, Assistant City Manager Chris Sharp, City Secretary Gretchen Mercer, Director of Public Works Dan Reese, Director of Code Enforcement Danny Cornelius, Parks and Recreation Director Brian Noel and City Attorney Chuck Hester.

Item 1. Call to Order.

Mayor Alexander called the meeting to order at 5:33 p.m.

Item 2. Invocation.

Commissioner Shehan gave the invocation.

Item 3. Pledge of Allegiance.

The Pledge of Allegiance was led by Code Enforcement Director Danny Cornelius.

Item 4. Approval of Minutes of the Meeting of May 16, 2016.

Commissioner Shehan moved, duly seconded by Commissioner Logan, to approve the minutes of May 16, 2016 as presented. Motion carried unanimously.

Item 5. Public Comment– Comments from Interested Citizens.

City Manager Randy Criswell announced the City of Canyon was gaining national recognition and had been placed #9 in the 10 Best Small Towns in America by Livability.

Item 6. Consider and Take Appropriate Action Ordinance No. 1035, Amending Chapter 156, Zoning Code of the City of Canyon Code of Ordinances, by Amending Table 1-1, Summary Use Chart and Section A.02 Terms.

Director of Code Enforcement, Danny Cornelius presented Ordinance No. 1035 for consideration. Mr. Cornelius stated City Staff had been recently contacted by an individual requesting that the Zoning Code be amended where it addressed Tattoo Parlors. Mr. Cornelius explained currently Tattoo Parlors are defined as an Adult Oriented Business and are allowed in the Heavy Industrial District with a Specific Use Permit. Mr. Cornelius said the individual would like to open a Tattoo Parlor in the Commercial District. If adopted, Mr. Cornelius said Ordinance No. 1035 would effectively move Body Piercing Studio, Tattoo, and Tattoo Parlor from the definition of an Adult Oriented Business Types and create a separate category for Tattoo Studios, including Body Piercing, under Retail Uses. If someone wants to open a Tattoo Studio they would have to apply for a Specific Use Permit. Mayor Alexander asked what the Specific Use Permit Process entailed. Mr. Cornelius said the Specific Use Permit would first go to the Planning and Zoning

Commission. The P&Z would then make a recommendation to be considered by the City Commission for final decision of approval. Mr. Cornelius said the Canyon Planning and Zoning Commission had met several times to discuss the zoning and voted unanimously to recommend approval of Ordinance No. 1035 to the City Commission.

No one was present to participate in Public Comment.

After discussion, Commissioner Shehan moved duly seconded by Mayor Alexander to accept the recommendation from the Planning and Zoning Commission, and to adopt Ordinance No. 1035 as presented. Motion carried with Mayor Pro-Tem Hinders and Commissioner Logan voting against. Super Majority requirement was not met to overturn the recommendation of the Planning and Zoning Commission, thereby resulting in the recommendation from the P and Z passing the Ordinance.

ORDINANCE NO. 1035

Tattoo Studios

AN ORDINANCE OF THE CITY OF CANYON, TEXAS, AMENDING CHAPTER 156, ZONING CODE OF THE CITY OF CANYON CODE OF ORDINANCES, BY AMENDING TABLE 1-1, SUMMARY USE CHART AND SECTION A.02 TERMS; PROVIDING FOR SEVERABILITY; PROVIDING FOR REPEALER; PROVIDING FOR AN EFFECTIVE DATE.

Item 7. Consider and Take Appropriate Action on Bids for Well at Canyon East Park.

Parks and Recreation Director Brian Noel presented bids opened May 19, 2016 for the drilling of a well for the park in Canyon East.

Currie Drilling, Canyon, TX	\$66,021.50	30 days
Hydro Resources, Sunray, TX	\$76,436.25	45 days
Hi Plains Drilling, Abernathy TX	\$82,230.19	45 days
Etter Water Well, Etter, TX	\$95,325.00	45 days

Mr. Noel confirmed the budget for the park is \$191,634.94 and the total cost and presented a breakdown.

\$34,550 for new playground equipment (completed)
\$5,000 to be spent for edging at playground (ordered)
\$20,000 for irrigation (proposed)
\$18,000 for sprigging (proposed)
\$66,021.50 for well
Total \$143,571.50

Mr. Noel said there could be additional cost of \$29,120.00 for some electrical work and \$15,000 for well piping bringing the total to \$187,691.50, still under budget. Mr. Noel said it was the recommendation of staff to award the bid for the drilling of a well for Canyon East Park to the low bidder, Currie Drilling of Canyon, Texas. Mayor Pro-Tem Hinders asked Mr. Noel if there would be some kind of fence between the park and State Hwy 217 to which Mr. Noel said yes.

After discussion, Commission Logan moved, duly seconded by Commission Shehan to award the bid to Currie Drilling as recommended by staff in the amount of \$66,021.50. Motion carried unanimously.

Item 8. Executive Session Pursuant to Texas Government Code, §551.071 Consultation with Attorney; and §551.072 Real Property.

Mayor Alexander indicated the Commission would adjourn into executive session at 6:04 pm.

Mayor Alexander took leave at 6:05 pm.

Item 9. Consider and Take Appropriate Action on Items Discussed in Executive Session.

Upon returning from executive session at 7:52 pm, no action was taken.

Item 10. Adjournment

There being no further business, Mayor Pro-Tem Hinders moved this meeting be adjourned.

Quinn Alexander, Mayor

ATTEST:

Gretchen Mercer, City Secretary

REGARDING ITEM 6

AGENDA

To: Randy Criswell, City Manager

From: Evelyn Ecker, Executive Director
Canyon Economic Development Corp.

Date: June 13, 2016

Re: First Reading of Resolution No. 10-2016 With Regards to the Purchase of Property Located at 502 15th Street, Canyon, Texas, Randall County.

The Canyon Economic Development Corporation voted to enter into a contract with the Paul Read Trust to purchase the property located at 502 15th Street at their meeting May 12, 2015. The property is currently an auto mechanic garage. The contract price is \$27.78 square foot and the closing date is on or before July 27, 2016.

A public hearing for the purchase of the property was held during the Thursday, June 9, 2015 meeting of the CEDC. A public notice was published in the Canyon News, Thursday, June 2, 2016. There was not any opposition for the proposed purchase.

The CEDC's intended purpose with regards to the property purchase is new business development.

Please find attached the Resolution for this project.

This is the first reading of Resolution No. 10-2016. The second reading is scheduled for July 11, 2016.

RESOLUTION NO. 10-2016

RESOLUTION OF THE CITY COMMISSION OF THE CITY OF CANYON APPROVING THE PURCHASE OF PROPERTY CONSISTING OF LOTS 1, 2, and 3, Block 49, ORIGINAL TOWN OF CANYON, RANDALL COUNTY, TEXAS, BY THE CANYON ECONOMIC DEVELOPMENT CORPORATION.

WHEREAS, the Board of Directors of the CEDC having taken action by majority vote on May, 12, 2016, to purchase property and having recommended to the City commission of the City of Canyon, Texas, approval of same;

WHEREAS, on June 9, 2016, the Canyon Economic Development Corporation (“CEDC”) conducted a public hearing regarding the use of sales and use tax revenues collected pursuant to the Development Corporation Act of 1979 (Tex.Rev.Civ.Stat.Art. 5190.6§4B, (“the Act”) for the purchase of the above property described, Canyon, Randall County, Texas;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS:

That the property purchase by the CEDC be, and it is hereby approved, and the sales tax revenue collected pursuant to “the Act” by CEDC may be used to fund the property purchase. The sales tax revenue referred to in the Resolution shall be the revenue on deposit in Sales Tax Improvement Fund (Fund 40) for direct costs related to the project. The property purchase is to be used for economic development;

INTRODUCED at the First Reading on the 20th Day of June, 2015, and Adopted on the Second Reading on July 11th, 2015.

QUINN J ALEXANDER, MAYOR

ATTEST:

Gretchen Mercer, City Clerk

REGARDING ITEM 7

AGENDA

To: Randy Criswell, City Manager

From: Evelyn Ecker, Executive Director
Canyon Economic Development Corp.

Date: June 15, 2106

Re: First Reading of Resolution No. 11-2016 With Regards to Direct Financial Assistance for New Business Development.

The Canyon Economic Development Corporation voted to offer direct financial assistance to the Panhandle Taproom LLC at their meeting May 12, 2016. The limited liability corporation is opening a new business, Imperial Taproom, located at 410 15th Street.

A public hearing was held during the Thursday, June 9, 2015 meeting of the CEDC. A public notice was published in the Canyon News Thursday, June 2, 2016.

Please find attached the Resolution and a draft of the Funding Agreement.

This is the first reading of Resolution No. 11-2016. The second reading is scheduled for July 11, 2016.

CANYON ECONOMIC DEVELOPMENT CORPORATION
PROJECT FUNDING AGREEMENT

PANHANDLE TAPROOM, LLC.

This agreement is made by and between the Canyon Economic Development Corporation (CEDC), a Texas non-profit corporation duly organized and existing pursuant to the TEXAS DEVELOPMENT CORPORATION ACT and Panhandle Taproom LLC., a Texas Limited Liability Corporation (hereinafter referred to as “Second Party.”)

1. The purpose of this agreement is to facilitate the proper use of funds held and administered by the CEDC, a tax supported non-profit corporation whose primary income is from sales tax collected within the City of Canyon and dedicated exclusively to economic development. The sales tax supporting CEDC is authorized as a local option under Chapter 505 TEX. LOC. GOV'T CODE, formerly TEX. REV. CIV. STAT. ART. 5190.6 §4B, the primary purpose of which is the developing, stabilizing, diversifying, and expanding the economy through the retention, recruitment, expansion, and employment opportunities of the citizens of Canyon and the surrounding area and to enhance the quality of life of the citizens of Canyon and the surrounding area.
2. The project and performance requirements to be implemented by means of this agreement are described as follows:
 - a. Second Party shall maintain the business, Imperial Taproom located at 410 15th Street, Canyon, Texas for five (5) years.
 - b. Second Party shall maintain ownership of the Imperial Taproom for five (5) years.
3. The CEDC will provide the following funding and financial incentive for the project:
 - a. An amount, not to exceed \$46,000.00 payable as follows: reimbursement will occur quarterly, and in arrears for lease assistance. The reimbursement starts the first month the second party is open for business. The first twelve (12) months will be reimbursed fifty percent (50%) or an amount not to exceed \$23,000; year two (2) will be reimbursed thirty percent (30%) or an amount not to exceed \$13,800; year three (3) and the final year will be reimbursed twenty percent (20%) or an amount not to exceed \$9,200.
 - b. All other terms and provisions of this agreement notwithstanding, the obligations of the parties hereto are expressly made contingent upon the following:
 - i. approval of the financial incentive by the CEDC Board;
 - ii. approval of the financial incentive by the Canyon City Commission;
and,

- iii. Compliance with the requirements of the Texas Development Corporation Act.
4. The failure of Second Party to fully and timely comply with any performance requirement shall be an act of default by Second Party which shall entitle the CEDC to suspend further funding and, at its option, to terminate this agreement by written notice delivered pursuant to paragraph 9. In such event, all financial incentives provided by CEDC to Second Party shall be repaid to CEDC upon demand.
5. Second Party agrees to undertake the following actions in order to accomplish the project:
 - a. Comply at all times with the requirements of paragraph 2 of this agreement during the term of this agreement.
6. Second Party makes the following covenants and warranties to the CEDC and agrees to timely and fully perform the following obligations and duties:
 - a. Any false or substantially misleading statement contained herein or the failure of Second Party to comply and fully perform as required in this agreement shall be an act of default by Second Party. Failure to comply with any covenant or warranties shall constitute an act of default and entitle the CEDC to suspend further funding and at its option to terminate this agreement by written notice in accordance with paragraph 9 below.
 - b. Second Party is authorized to do business in Texas, is in good standing in the State of Texas and shall remain in good standing in the State of Texas during the term of this agreement.
 - c. The execution of this agreement has been duly authorized by the governing body of Second Party and all necessary corporate approvals have been obtained. Second Party's designated agent or officer executing this agreement is duly authorized and empowered to execute this agreement and bind Second Party to the covenants, warranties and other terms of this agreement. Second Party's execution of this agreement and the performance thereof is not contrary to any law, rule, regulation, or provisions of Second Party's organizational documents or any contract, instrument, or agreement to which Second Party is a party or by which it may be bound at the time this agreement is executed. The necessary authority for the agent whose signature that appears below is evidenced by a resolution or certificate furnished to CEDC or attached to this agreement.
 - d. No litigation or governmental proceeding is pending or to the knowledge of Second Party is contemplated or threatened against Second Party or affecting its operations or business that may result in any material or adverse change in Second Party's business, properties, or operations. To Second Party's knowledge, no additional consent, approval, or authorization of a governmental entity or other authority is required in connection with the execution and performance of this agreement or the transactions contemplated hereby.

- e. To Second Party's knowledge no certificate or statement delivered by Second Party to CEDC in connection with this agreement or any transaction contemplated by this agreement contains any untrue statement or fails to state the facts necessary to keep the statements contained therein from being misleading or false.
 - f. There are no bankruptcy proceedings or other legal proceedings currently pending or contemplated affecting the Second Party. The Second Party has not been informed of any intent to initiate involuntary bankruptcy proceedings against Second Party.
 - g. To its knowledge Second Party has acquired and maintained all necessary rights, licenses, permits, and authority to carry on its business in Texas and to perform the terms of this agreement and will continue to use its best efforts to maintain all necessary rights, licenses, and permits in current status and good standing.
 - h. The funds provided by CEDC shall be utilized solely for the purpose of the project as stated in this agreement and within the scope of the project as stated in this agreement and for no other purpose.
 - i. Second Party shall pay all taxes and assessments due and owing to all taxing authorities having jurisdiction over Second Party's property and business operations. In addition, Second Party shall timely pay all employment, income, franchise, and other taxes due and owing by Second Party to all local, state, and federal entities.
 - j. Second Party shall complete the project required by this agreement and shall provide the necessary staff and employees for the completion and performance of this agreement.
 - k. Second Party shall timely and fully perform and comply with all terms and conditions of this agreement.
 - l. Upon written request of CEDC Second Party shall notify CEDC in writing of substantial changes in the management of Second Party within seven (7) days. Substantial changes shall mean changes in executive officers, board members, or managers.
 - m. The Second Party agrees that with regard to all programs and activities arising out of this agreement, the Second Party shall fully comply with all civil rights acts and specifically will not discriminate against any person upon the basis of race, color, national origin, gender, or by reason of being disabled.
7. The CEDC under the following circumstances and at the sole discretion of its board of directors may suspend the obligations under this agreement or may terminate this agreement without liability to the CEDC upon:
- a. The filing of bankruptcy proceedings or the appointment of a receiver of Second Party or any part of its assets or property and failure of such bankruptcy or receivership to be discharged within sixty (60) days of filing.
 - b. The adjudication of Second Party as a bankrupt.

- c. A change in ownership of Second Party which constitutes a material change in the nature of Second Party's business and operations.
8. Second Party agrees to the following reports and monetary requirements in connection with the project:
 - a. Second Party shall provide periodic reports as requested by the CEDC.
 - b. During normal business hours, Second Party shall allow a representative of the CEDC reasonable access to its books and records to verify compliance with this agreement. CEDC agrees to maintain the confidentiality of such records. Information shall be used only for the purpose of administering the funding provided by CEDC pursuant to this agreement and for no other purpose; provided however, CEDC may, if required by legal process or at the discretion of the office of the Attorney General provide such documentation to a third party as is required by the Attorney General or pursuant to such legal process.
9. Should Second Party fail to timely, fully, and completely comply with any one or more of the requirements, obligations, duties, terms, and conditions or warranties of this agreement such failure shall constitute an act of default by Second Party and, if not fully and completely cured within 60 days after written notice by CEDC to Second Party, the CEDC may terminate this agreement and pursue any legal remedies existing under the law; provided however, that Second Party's liability under this agreement shall be limited to the immediate return by Second Party of all funds or other economic incentives provided by the CEDC and any consideration previously paid to Second Party by the CEDC. The rate of interest on all funds paid by the CEDC to Second Party subject to refund shall be 6% per annum from the date of default. In the event CEDC should prevail in any litigation to recover funds pursuant to this paragraph, the CEDC shall, in addition to all other damages provided by this paragraph, be entitled to recover reasonable attorney's fees and expenses of litigation.
10. In the event of unforeseeable delays, in the performance of this agreement by Second Party, or force majeure, and upon a reasonable showing by Second Party that it has immediately and in good faith commenced and is diligently and continuously pursuing the correction, removal, or abatement of such delays by using its best efforts, CEDC may consent and excuse any such delay, which consent shall not be unreasonably conditioned or withheld. The failure by Second Party to continuously and diligently pursue compliance shall constitute an act of default.
11. Any delay by the CEDC in providing notice of default to Second Party, shall in no event be deemed or constitute a waiver of such default by CEDC or waiver of any of its rights and remedies available under this agreement or at law or in equity.
12. Any waiver provided by CEDC to Second Party of an act of default shall not be deemed to constitute a continuing waiver or a waiver of any other existing or future act of default by Second Party even if the act or default is of the same or a similar nature.
13. Second Party specifically agrees that CEDC shall only be liable to Second Party for the amount of money actually budgeted and committed to the project described in this agreement. CEDC shall not be liable or held responsible for any other direct or indirect costs, attorney's fees, court costs, actual or consequential damages, direct or indirect,

for any act of default by CEDC under the terms of this agreement. It is further stipulated and agreed that CEDC shall only be required to pay the amount of the project cost out of its sales tax revenues held and administered pursuant to the Development Corporation Act for the fiscal year in which the funding under this agreement is due together with unencumbered funds then on hand and from no other source. It is specifically agreed however, that in the event actual total sales tax revenues collected by CEDC for any year during which this agreement is to be performed should be less than the total amount of all grants to all contracting parties for that year, then in that event, CEDC shall fund projects in the order the grants were awarded after payment of CEDC's usual administrative cost and expenses. All contracting parties shall receive only their share of the available sales tax revenue for that year, less CEDC's customary and usual administrative costs and expenses and CEDC shall not be liable to any contracting party for any deficiency for that time or in the future. In the event of such revenue shortfall, CEDC will provide written notice to all contracting parties affected by the revenue shortfall along with such documentation as will allow the contracting party to ascertain their share of the funding to be provided.

14. This agreement incorporates the entire agreement of the parties hereto and supersedes any oral or written previous and contemporaneous agreements between the parties relating to the matters covered by this agreement. Except as otherwise provided herein, this agreement cannot be modified or amended without a written agreement of the parties.
15. No term or provision of this agreement or an act of the CEDC in the performance of this agreement shall be construed as making or constituting Second Party or its employees, or agents, partners of the CEDC or employees of the CEDC. This contract shall not benefit any third party not a direct party to this agreement.
16. The termination of this agreement as provided herein may be upon mutual agreement of the parties or pursuant to the provisions hereof relating to default. The termination of this agreement either by mutual agreement or by notice served by the CEDC shall extinguish all rights, duties, and obligations of the CEDC and Second Party except as provided herein.
17. This agreement may be executed in a number of identical counterparts each of which shall be deemed an original upon execution and shall constitute the same instrument.
18. This agreement is made pursuant to the laws of the State of Texas and shall be governed and interpreted under the laws of the State of Texas without regard to any conflict of laws provision. Venue in any litigation arising out of the execution or performance of this agreement shall be in the court of appropriate jurisdiction in Randall County, Texas and in no other Venue. Second Party, by signing this agreement, consents to and waives any objections to *in personam jurisdiction* in Randall County, Texas.
19. In the event one or more of the provisions contained in this agreement should, for any reason, be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provisions of this agreement. This agreement shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

20. This agreement is subject to all legal requirements contained in the Municipal Charter of the City of Canyon and Code and Ordinances of the City of Canyon and all other applicable state and federal laws and regulations. Second Party agrees that, in compliance with this agreement, it will promptly comply with all applicable laws, regulations, orders, and rules of the state, city, and other governmental entities.
21. This agreement shall be binding upon the parties hereto, their successors, and (where permitted) assigns. This agreement may not be assigned by either party without the specific prior written consent of the other, which consent shall not be unreasonably withheld or conditioned. Provided however, that in the event Second Party transfers all or substantially all its assets to another entity or merges with another entity to the extent that the underlying purpose of this agreement cannot, in the sole discretion of the CEDC's board of directors, be accomplished, the CEDC shall have the option to suspend its performance under this agreement or terminate this agreement.
22. Second Party represents that no member of the board of directors of the CEDC or member of the governing body of the City of Canyon or any officer or employee of the City of Canyon or CEDC will be compensated in any manner with respect to directly or indirectly bringing the parties together for the purpose of this agreement or participation in the negotiation or formation of this agreement. No finder's fee or other origination fee of any type will be paid or will become payable to any officer or employee of the City of Canyon, member of the governing body of the City of Canyon, or the governing body of the CEDC with regard to the formation or performance of this agreement.
23. All notices from one party to the other party required or permitted by this agreement shall be delivered personally or sent by certified mail postage prepaid addressed to the party at the address shown on the signature page. All notices shall be deemed given on the date so delivered or deposited in the mail unless otherwise provided. Either party may change its address by sending written notice of such change to the other party in the manner provided by this agreement.
24. All representations, warranties, covenants, and agreements of the parties as well as all rights and benefits of the parties pertaining to the transaction contemplated by this agreement shall survive the original execution date of this agreement and shall constitute continuing obligations.

Effective Date: _____

Second Party

CANYON ECONOMIC DEVELOPMENT

PANHANDLE TAPROOM LLC.

By: _____

Randy Croslin, President/Chairman
Address: 1604 4th Avenue, Suite 21
Canyon, Texas 79015

By: _____

Ben Johnson, Manager

DRAFT

RESOLUTION NO. 11-2016

RESOLUTION OF THE CITY COMMISSION OF THE CITY OF CANYON APPROVING PROJECT FUNDING AGREEMENT BETWEEN PANHANDLE TAPROOM LLC. AND CANYON ECONOMIC DEVELOPMENT CORPORATION REGARDING DIRECT FINANCIAL ASSISTANCE FOR A PROJECT LOCATED AT 410 15TH STREET, CANYON, TEXAS. THE FUNDING IS BASED ON NEW BUSINESS DEVELOPMENT.

WHEREAS, on JUNE 9, 2016 the Canyon Economic Development Corporation (“CEDC”) conducted a public hearing regarding the use of sales and use tax revenues collected pursuant to the Development Corporation Act of 1979 (Tex. Rev. Civ. Stat. Art. 5190.6 §4B, (“the Act”) and to consider a funding agreement for the primary purpose of which is the developing, stabilizing, diversifying, and expanding the economy through the retention, recruitment, expansion, and employment opportunities of the citizens of Canyon and the surrounding area and to enhance the quality of life of the citizens of Canyon and the surrounding area.

WHEREAS, the City Commission of the City of Canyon, Texas, finds it to be in the public interest to execute a Project Funding Agreement between the Canyon Economic Development Corporation and Panhandle Taproom LLC., a registered entity qualified to do business in Texas.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COMMISSION OF THE CITY OF CANYON, TEXAS:

That the Project Funding Agreement by and between CEDC and Panhandle Taproom LLC. be, and it is hereby approved, and the sales tax revenue collected pursuant to “the Act” by CEDC may be used for the primary purpose of financial assistance for new business development. The sales tax revenue referred to in this Resolution shall be the revenue on deposit in Sales Tax Improvement Fund (Fund 40) for direct costs related to the project.

INTRODUCED at the First Reading on the 20th of June, 2016, and Adopted on the Second Reading on the 11th of July, 2016.

QUINN J ALEXANDER, MAYOR

ATTEST:

Gretchen Mercer, City Clerk

To: Randy Criswell, City Manager
From: Chris Sharp, Assistant City Manager
Date: June 15, 2016
Re: Consider all Matters Incident and Related to the Issuance and Sale of “City of Canyon, Texas, General Obligation Bonds, Series 2016”, Including the Adoption of Ordinance No. 1036 Authorizing the Issuance of Such Bonds.

Included in your packet is an Ordinance that authorizes the issuance of \$6 million in General Obligation Bonds for the construction of a new family aquatic center. Please note, that at this time, some of the required information is blank. This is due to the fact that the certificates have not been sold so final interest rate is not yet known. The planned sale date is Monday, June 20th. As soon as everything finalizes, we will send out an updated Ordinance with correct numbers.

It is staff’s recommendation that the Commission approve Ordinance No. 1036 to authorize the sale of General Obligation Bonds to be used for the new family aquatic center.

ORDINANCE NO. 1036

AN ORDINANCE authorizing the issuance of "CITY OF CANYON, TEXAS, GENERAL OBLIGATION BONDS, SERIES 2016"; specifying the terms and features of said bonds; levying a continuing direct annual ad valorem tax for the payment of said bonds; resolving other matters incident and related to the issuance, sale, payment and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar and the approval and distribution of an Official Statement pertaining thereto; and providing an effective date.

WHEREAS, the City Commission of the City of Canyon, Texas (the "City") hereby finds and determines that all of the general obligation bonds approved and authorized to be issued at an election held November 3, 2015 should be issued and sold at this time; a summary of the general obligation bonds authorized at said election, the principal amounts authorized, amounts being issued pursuant to this ordinance and amounts remaining to be issued subsequent hereto being as follows:

<u>Purpose</u>	<u>Amount Authorized</u>	<u>Amount Being Issued</u>	<u>Premium Applied*</u>	<u>Unissued Balance</u>
Aquatic Center	\$6,000,000	\$5,810,000	\$290,000	\$-0-

*original issue premium in the amount of \$290,000 allocated to and applied against voted authorization

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COMMISSION OF THE CITY OF CANYON:

SECTION 1: Authorization - Designation - Principal Amount - Purpose. General obligation bonds of the City shall be and are hereby authorized to be issued in the aggregate principal amount of \$5,810,000, to be designated and bear the title "CITY OF CANYON, TEXAS, GENERAL OBLIGATION BONDS, SERIES 2016" (hereinafter referred to as the "Bonds"), for permanent public improvements and public purposes, to wit: constructing and equipping an aquatic center, all in accordance with authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1331, as amended.

SECTION 2: Fully Registered Obligations - Bond Date - Authorized Denominations - Stated Maturities - Interest Rates. The Bonds shall be issued as fully registered obligations only, shall be dated June 15, 2016 (the "Bond Date"), shall be in denominations of \$5,000 or any integral multiple (within a Stated Maturity) thereof, and shall become due and payable on February 15 in each of the years and in principal amounts (the "Stated Maturities") and bear interest at the rate(s) per annum in accordance with the following schedule:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL AMOUNT</u>	<u>INTEREST RATE</u>
2017	\$ 215,000	
2018	230,000	
2019	235,000	
2020	240,000	
2021	245,000	
2022	250,000	
2023	255,000	
2024	265,000	
2025	270,000	
2026	280,000	
2027	290,000	
2028	295,000	
2029	305,000	
2030	315,000	
2031	325,000	
2032	335,000	
2033	345,000	
2034	360,000	
2035	370,000	
2036	385,000	

The Bonds shall bear interest on the unpaid principal amounts from the date of delivery to the initial purchasers, anticipated to be July 19, 2016 (the "Delivery Date"), at the rates per annum shown above (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Bonds shall be payable on February 15 and August 15 in each year, commencing February 15, 2017 until maturity or prior redemption.

SECTION 3: Terms of Payment - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar, and the payment thereof shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of U. S. Bank National Association, Houston, Texas, to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as **Exhibit A**, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Clerk of the City are hereby authorized to execute and deliver

such Paying Agent/Registrar Agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds shall be payable at the Stated Maturities or upon the earlier redemption thereof, only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices, initially in St. Paul, Minnesota, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest on the Bonds shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the last business day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized 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 when 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.

In the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4: Redemption.

(a) Optional Redemption. The Bonds having Stated Maturities on and after February 15, 2027, shall be subject to redemption prior to maturity, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 2026, or on any date thereafter, at the redemption price of par plus accrued interest to the date of redemption.

At least forty-five (45) days prior to a redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of the decision to redeem Bonds, the principal amount of each Stated Maturity to be redeemed, and the date of redemption therefor. The decision of the City to exercise its right to redeem Bonds shall be entered in the minutes of the governing body of the City.

(b) Mandatory Redemption. The Bonds having Stated Maturities of February 15, 20___, February 15, 20___ and February 15, 20___ (the "Term Bonds") shall be subject to mandatory redemption in part prior to maturity at the redemption price of par and accrued interest to the date of redemption on the respective dates and in principal amounts as follows:

Term Bonds due February 15, 20		Term Bonds due February 15, 20	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
February 15, 20	\$,000	February 15, 20	\$,000
February 15, 20	\$,000	February 15, 20 (maturity)	\$,000
February 15, 20	\$,000		
February 15, 20 (maturity)	\$,000		

Term Bonds due February 15, 20	
<u>Redemption Date</u>	<u>Principal Amount</u>
February 15, 20	\$,000
February 15, 20 (maturity)	\$,000

Approximately forty-five (45) days prior to each mandatory redemption date for the Term Bonds, the Paying Agent/Registrar shall select by lot the numbers of the Term Bonds within the applicable Stated Maturity to be redeemed on the next following February 15 from moneys set aside for that purpose in the Interest and Sinking Fund (as hereinafter defined). Any Term Bond not selected for prior redemption shall be paid on the date of their Stated Maturity.

The principal amount of the Term Bonds for a Stated Maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like Stated Maturity which, at least fifty (50) days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions set forth in paragraph (a) of this Section and not theretofore credited against a mandatory redemption requirement.

(c) Selection of Bonds for Redemption. If less than all Outstanding Bonds of the same Stated Maturity are to be redeemed on a redemption date, the Paying Agent/Registrar shall treat such Bonds as representing the number of Bonds Outstanding, which is obtained by dividing the principal amount of such Bonds by \$5,000, and shall select the Bonds to be redeemed within such Stated Maturity by lot.

(d) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption shall be sent by United States Mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Bond to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Bonds, (ii) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the

portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Bond (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor; provided moneys sufficient for the payment of such Bond (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

(e) Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied or sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

SECTION 5: Registration - Transfer - Exchange of Bonds - Predecessor Bonds. The Paying Agent/Registrar shall obtain, record and maintain in the Security Register the name and address of each and every owner of the Bonds issued under and pursuant to the provisions of this Ordinance or, if appropriate, the nominee thereof. Any Bond may be transferred or exchanged for Bonds of other authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bond (other than the Initial Bond(s) referenced in Section 8 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, one or more new Bonds shall be registered and issued to the assignee or transferee of the previous Holder; such Bonds to be in authorized denominations, of like Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bonds (other than the Initial Bond(s) referenced in Section 8 hereof) may be exchanged for other Bonds of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Bonds surrendered for exchange, upon surrender of the Bonds to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bonds are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bonds to the Holder requesting the exchange.

All Bonds issued in any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States Mail, first class postage prepaid, to the Holders, and, upon the registration and delivery thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds", evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 11 hereof, and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Bond.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder any Bond called for redemption, in whole or in part, within forty-five (45) days of the date fixed for the redemption of such Bond; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Bond called for redemption in part.

SECTION 6: Book-Entry-Only Transfers and Transactions. Notwithstanding the provisions contained herein relating to the payment of and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of "Book-Entry-Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the requirements and procedures identified in the Blanket Letter of Representations, by and between the City and DTC (the "Depository Agreement").

Pursuant to the Depository Agreement and the rules of DTC, the Bonds shall be deposited with DTC, who shall hold said Bonds for its participants (the "DTC Participants"). While the Bonds are held by DTC under the Depository Agreement, the Holder of the Bonds on the Security Register for all purposes, including payment and notices, shall be Cede & Co., as nominee of DTC, notwithstanding the ownership of each actual purchaser or owner of each Bond (the "Beneficial Owners") being recorded in the records of DTC and DTC Participants.

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the

Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

SECTION 7: Execution - Registration. The Bonds shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Clerk. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the dated of the adoption of this Ordinance shall be deemed to be duly executed on behalf of the City, notwithstanding that one or more of the individuals executing the same shall cease to hold such offices at the time of delivery of the Bonds to the initial purchaser(s) and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code, Chapter 1201, as amended.

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 9(c), manually executed by the Comptroller of Public Accounts of the State of Texas, or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 9(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Bond shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

SECTION 8: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered bond in the aggregate principal amount stated in Section 1 hereof in principal installments to become due and payable as provided in Section 2 hereof and numbered T-1, or (ii) as multiple fully registered bonds, being one bond for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9: Forms.

(a) Forms Generally. The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions and other variations as are permitted or required by this Ordinance, and may have such letters, numbers or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends on insured Bonds and any reproduction of an opinion of counsel) thereon as may, consistently herewith,

be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

The definitive Bonds and the Initial Bond(s) shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Bonds as evidenced by their execution thereof.

(b) Form of Definitive Bond.

REGISTERED
NO. _____

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF CANYON, TEXAS
GENERAL OBLIGATION BOND
SERIES 2016

Bond Date:	Interest Rate:	Stated Maturity:	CUSIP NO:	Delivery Date:
June 15, 2016	_____ %	February 15, 20____	_____	July 19, 2016

Registered Owner:

Principal Amount:

The City of Canyon (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Randall, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above (the "Registered Owner"), or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest from such date in which case it shall bear interest from the Delivery Date) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year, commencing February 15, 2017. Principal of this Bond is payable at its Stated Maturity or upon its prior redemption to the Registered Owner hereof, upon presentation and surrender, at the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor; provided, however, while this Bond is registered to Cede & Co., the payment of principal upon a partial redemption of the principal amount hereof may be accomplished without presentation and surrender of this Bond. Interest is payable to the Registered Owner of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Registered Owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal of or interest on

the Bonds shall be a Saturday, Sunday, legal holiday or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized 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 when 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. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$5,810,000 (herein referred to as the "Bonds") for permanent public improvements and public purposes, to wit: constructing and equipping an aquatic center, all in accordance with authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Texas Government Code, Chapter 1331, as amended, and pursuant to an Ordinance adopted by the City Commission of the City (herein referred to as the "Ordinance").

The Bonds maturing on dates hereinafter identified (the "Term Bonds") are subject to mandatory redemption prior to maturity with funds on deposit in the Interest and Sinking Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the mandatory redemption date on the respective dates and in principal amounts as follows:

Term Bonds due February 15, 20		Term Bonds due February 15, 20	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
February 15, 20	\$,000	February 15, 20	\$,000
February 15, 20	\$,000	February 15, 20 (maturity)	\$,000
February 15, 20	\$,000		
February 15, 20 (maturity)	\$,000		

Term Bonds due February 15, 20	
<u>Redemption Date</u>	<u>Principal Amount</u>
February 15, 20	\$,000
February 15, 20 (maturity)	\$,000

The particular Term Bonds of a stated maturity to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Term Bonds for a stated maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Term Bonds of like stated maturity which, at least fifty (50) days prior to the mandatory redemption date, (1) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bonds plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation or (2) shall have been redeemed pursuant to the optional redemption provisions appearing below and not theretofore credited against a mandatory redemption requirement.

The Bonds maturing on and after February 15, 2027, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 15, 2026, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

At least thirty (30) days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the Registered Owners of each Bond to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If this Bond (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon the redemption date this Bond (or the portion of its principal sum to be redeemed) shall become due and payable, and interest hereon shall cease to accrue from and after the redemption date herefor, provided moneys for the payment of the redemption price and the interest on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar.

In the event a portion of the principal amount of this Bond is to be redeemed and the Registered Owner is someone other than Cede & Co., payment of the redemption price of such principal amount shall be made to the Registered Owner only upon presentation and surrender of this Bond to the Designated Payment/Transfer Office of the Paying Agent/Registrar, and a new Bond or Bonds of like maturity and interest rate in any authorized denominations provided by the Ordinance for the then unredeemed balance of the principal sum thereof will be issued to the Registered Owner, without charge. If this Bond is selected for redemption, in whole or in part, the City and the Paying Agent/Registrar shall not be required to transfer this Bond to an assignee of the Registered Owner within forty-five (45) days of the redemption date therefor; provided, however, such limitation on transferability shall not be applicable to an exchange by the Registered Owner of the unredeemed balance hereof in the event of its redemption in part.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption is conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied or sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City. Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Registered Owner of this Bond by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Registered Owners; the rights, duties and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity or redemption, and deemed to be no longer Outstanding thereunder; and for other terms and provisions contained therein. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Ordinance.

This Bond, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the Registered Owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Bonds of the same Stated Maturity, of authorized denominations, bearing the same rate of interest and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the Registered Owner whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Bond as the owner entitled to payment of principal hereof at its Stated Maturity or upon its prior redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and declared that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by the levy of a tax as aforesated. In case any provision in this Bond shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Commission of the City has caused this Bond to be duly executed under the official seal of the City.

CITY OF CANYON, TEXAS

QUINN ALEXANDER, MAYOR

COUNTERSIGNED:

Gretchen Mercer, City Clerk

(SEAL)

(c) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

THE STATE OF TEXAS

§
§
§
§

OFFICE OF THE COMPTROLLER
OF PUBLIC ACCOUNTS

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 duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Bond has been duly issued and registered under the provisions of the within-mentioned Ordinance; the bond or bonds of the above entitled and designated series originally delivered having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar in St. Paul, Minnesota is the "Designated Payment/Transfer Office" for this Bond.

U. S. BANK NATIONAL ASSOCIATION,
Houston, Texas,
as Paying Agent/Registrar

By: _____
Authorized Signature

Registration Date:

(e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address and zip code of transferee): _____

(Social Security or other identifying number: _____)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____

attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

DATED:

Signature guaranteed:

NOTICE: The signature on this assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular.

(f) The Initial Bond(s) shall be in the form set forth in paragraph (b) of this Section, except that the form of the single fully registered Initial Bond shall be modified as follows:

Heading and paragraph one shall be amended to read as follows:

NO. T-1

\$_____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF CANYON, TEXAS
GENERAL OBLIGATION BOND
SERIES 2016

Bond Date:
June 15, 2016

Delivery Date:
July 19, 2016

Registered Owner:

Principal Amount:

The City of Canyon (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Randall, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above (the "Registered Owner"), or the registered assigns thereof, the Principal Amount hereinabove stated on February 15 in the years and in principal installments in accordance with the following schedule:

YEAR OF
MATURITY

PRINCIPAL
INSTALLMENTS

INTEREST
RATES

(Information to be inserted from schedule in Section 2 hereof)

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Delivery Date at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 15 and August 15 in each year until maturity or prior redemption, commencing February 15, 2017. Principal installments of this Bond are payable at the year of maturity or on a redemption date to the Registered Owner hereof by U. S. Bank National Association, Houston, Texas (the "Paying Agent/Registrar"), upon presentation and surrender, at its designated offices in St. Paul, Minnesota (the "Designated Payment/Transfer Office"). Interest is payable to the Registered Owner of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Registered Owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, legal holiday or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized 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 when 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. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or

collection charges to the owner hereof and in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts.

SECTION 10: Levy of Taxes. To provide for the payment of the "Debt Service Requirements" of the Bonds, being (i) the interest on the Bonds and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% (whichever amount is the greater), there is hereby levied, and there shall be annually assessed and collected in due time, form and manner, a tax on all taxable property in the City, within the limitations prescribed by law, and such tax hereby levied on each one hundred dollars' valuation of taxable property in the City for the Debt Service Requirements of the Bonds shall be at a rate from year to year as will be sufficient to provide funds each year to pay the Debt Service Requirements of said Bonds while Outstanding; full allowance being made for delinquencies and costs of collection; separate books and records relating to the receipt and disbursement of taxes levied, assessed and collected for and on account of the Bonds shall be kept and maintained by the City at all times while the Bonds are Outstanding, and the taxes collected for the payment of the Debt Service Requirements on the Bonds shall be deposited to the credit of a "Special 2016 Bond Account" (the "Interest and Sinking Fund") maintained on the records of the City and deposited in a special fund maintained at an official depository of the City's funds; and such tax hereby levied and to be assessed and collected annually, is hereby pledged to the payment of the Bonds.

The Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, Director of Finance, and City Clerk, of the City, individually or collectively, are hereby authorized and directed to cause to be transferred to the Paying Agent/Registrar for the Bonds, from funds on deposit in the Interest and Sinking Fund, amounts sufficient to fully pay and discharge promptly each installment of principal of and interest on the Bonds as the same accrues or matures or comes due by reason of redemption prior to maturity; such transfers of funds to be made in such manner as will cause collected funds to be deposited with the Paying Agent/Registrar on or before each principal and interest payment date for the Bonds.

SECTION 11: Mutilated, Destroyed, Lost and Stolen Bonds. In case any Bond shall be mutilated, destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Bond of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Bond, or in lieu of and in substitution for such destroyed, lost or stolen Bond, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Bond, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Bond shall be borne by the Holder of the Bond mutilated, destroyed, lost or stolen.

Every replacement Bond issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Bonds; notwithstanding the enforceability of payment by anyone of the destroyed, lost or stolen Bonds.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement and payment of mutilated, destroyed, lost or stolen Bonds.

SECTION 12: Satisfaction of Obligations of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and all covenants, agreements and other obligations of the City to the Holders shall thereupon cease, terminate and be discharged and satisfied.

Bonds or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Bonds or the principal amount(s) thereof at maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Bonds, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as "arbitrage bonds" within the meaning of section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Bonds, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited, shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Bonds such moneys were deposited and are held in trust to pay shall, upon the request of the City, be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

The term "Government Securities", as used herein, means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, 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 of their acquisition or purchase by the City, 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 that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

SECTION 13: Ordinance a Contract - Amendments - Outstanding Bonds. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section and Section 22 hereof. The City may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency or formal defect or omission herein. In addition, the City may, with the consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition or rescission.

The term "Outstanding", when used in this Ordinance with respect to Bonds, means, as of the date of determination, all Bonds theretofore issued and delivered under this Ordinance, except:

- (1) those Bonds cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;
- (2) those Bonds deemed to be duly paid by the City in accordance with the provisions of Section 12 hereof; and
- (3) those mutilated, destroyed, lost or stolen Bonds which have been replaced with Bonds registered and delivered in lieu thereof as provided in Section 11 hereof.

SECTION 14: Covenants to Maintain Tax-Exempt Status.

(a) Definitions. When used in this Section, the following terms shall have the following meanings:

"*Closing Date*" means the date on which the Bonds are first authenticated and delivered to the initial purchasers against payment therefor.

"*Code*" means the Internal Revenue Code of 1986, as amended by all legislation, if any, effective on or before the Closing Date.

"*Computation Date*" has the meaning set forth in section 1.148-1(b) of the Regulations.

"*Gross Proceeds*" means any proceeds as defined in section 1.148-1(b) of the Regulations, and any replacement proceeds as defined in section 1.148-1(c) of the Regulations, of the Bonds.

"*Investment*" has the meaning set forth in section 1.148-1(b) of the Regulations.

"Nonpurpose Investment" means any investment property, as defined in section 148(b) of the Code, in which Gross Proceeds of the Bonds are invested and which is not acquired to carry out the governmental purposes of the Bonds.

"Rebate Amount" has the meaning set forth in section 1.148-1(b) of the Regulations.

"Regulations" means any proposed, temporary or final Income Tax Regulations issued pursuant to sections 103 and 141 through 150 of the Code, and 103 of the Internal Revenue Code of 1954, which are applicable to the Bonds. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

"Yield" of (1) any Investment has the meaning set forth in section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in section 1.148-4 of the Regulations.

(b) Not to Cause Interest to Become Taxable. The City shall not use, permit the use of, or omit to use Gross Proceeds or any other amounts (or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with Gross Proceeds) in a manner which if made or omitted, respectively, would cause the interest on any Bond to become includable in the gross income, as defined in section 61 of the Code, of the owner thereof for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the City receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Bond, the City shall comply with each of the specific covenants in this Section.

(c) No Private Use or Private Payments. Except as permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall at all times prior to the last Stated Maturity of Bonds:

(1) exclusively own, operate and possess all property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with Gross Proceeds of the Bonds, and not use or permit the use of such Gross Proceeds (including all contractual arrangements with terms different than those applicable to the general public) or any property acquired, constructed or improved with such Gross Proceeds in any activity carried on by any person or entity (including the United States or any agency, department and instrumentality thereof) other than a state or local government, unless such use is solely as a member of the general public; and

(2) not directly or indirectly impose or accept any charge or other payment by any person or entity who is treated as using Gross Proceeds of the Bonds or any property the acquisition, construction or improvement of which is to be financed or refinanced directly or indirectly with such Gross Proceeds, other than taxes of general application within the City or interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

(e) Not to Invest at Higher Yield. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not at any time prior to the final Stated Maturity of the Bonds directly or indirectly invest Gross Proceeds in any Investment (or use Gross Proceeds to replace money so invested) if, as a result of such investment, the Yield from the Closing Date of all Investments acquired with Gross Proceeds (or with money replaced thereby), whether then held or previously disposed of, exceeds the Yield of the Bonds.

(f) Not Federally Guaranteed. Except to the extent permitted by section 149(b) of the Code and the Regulations and rulings thereunder, the City shall not take or omit to take any action which would cause the Bonds to be federally guaranteed within the meaning of section 149(b) of the Code and the Regulations and rulings thereunder.

(g) Information Report. The City shall timely file the information required by section 149(e) of the Code with the Secretary of the Treasury on Form 8038-G or such other form and in such place as the Secretary may prescribe.

(h) Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder:

(1) The City shall account for all Gross Proceeds (including all receipts, expenditures and investments thereof) on its books of account separately and apart from all other funds (and receipts, expenditures and investments thereof) and shall retain all records of accounting for at least six years after the day on which the last outstanding Bond is discharged. However, to the extent permitted by law, the City may commingle Gross Proceeds of the Bonds with other money of the City, provided that the City separately accounts for each receipt and expenditure of Gross Proceeds and the obligations acquired therewith.

(2) Not less frequently than each Computation Date, the City shall calculate the Rebate Amount in accordance with rules set forth in section 148(f) of the Code and the Regulations and rulings thereunder. The City shall maintain such calculations with its official transcript of proceedings relating to the issuance of the Bonds until six years after the final Computation Date.

(3) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the

interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States from the construction fund, the general fund, or other appropriate fund or, if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Interest and Sinking Fund, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

(4) The City shall exercise reasonable diligence to assure that no errors are made in the calculations and payments required by paragraphs (2) and (3), and if an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter (and in all events within one hundred eighty (180) days after discovery of the error), including payment to the United States of any additional Rebate Amount owed to it, interest thereon, and any penalty imposed under Section 1.148 3(h) of the Regulations.

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Bonds, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection H of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Bonds not been relevant to either party.

(j) Elections. The City hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, Director of Finance, or City Clerk, individually or jointly, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

(k) Qualified Tax Exempt Obligations. In accordance with the provisions of paragraph (3) of subsection (b) of Section 265 of the Code, the City hereby designates the Bonds to be "qualified tax exempt obligations" in that the Bonds are not "private activity bonds" as defined in the Code and the reasonably anticipated amount of "qualified tax exempt obligations" to be issued by the City (including all subordinate entities of the City) for the calendar year 2016 will not exceed \$10,000,000.

SECTION 15: Sale of Bonds. Pursuant to a public sale for the Bonds, the bid submitted by _____ (herein referred to as the "Purchasers") is declared to be the best bid received producing the lowest true interest cost rate to the City, and the sale of the Bonds to said Purchasers at the price of par and accrued interest to the date of delivery, plus a premium of \$_____, is hereby approved and confirmed. Delivery of the Bonds to

the Purchasers shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale.

SECTION 16: Official Statement Approval. The use of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects. The final Official Statement, which reflects the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Manager, Assistant City Manager, Director of Finance and City Clerk, one or more of said officials), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute said final Official Statement, dated June 20, 2016, in the reoffering, sale and delivery of the Bonds to the public.

SECTION 17: Control and Custody of Bonds. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bond(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Underwriter.

SECTION 18: Proceeds of Sale. The proceeds of sale of the Bonds, excluding premium in the amount of \$_____ and amounts to pay costs of issuance, shall be deposited in a construction fund maintained at a City depository. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, as amended, and the City's investment policies and guidelines, and any investment earnings realized shall be expended for such authorized projects and purposes or deposited in the Interest and Sinking Fund as shall be determined by the City Commission. Premium in the above amount as well as any surplus proceeds of sale of the Bonds, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Interest and Sinking Fund.

SECTION 19: Notices to Holders - Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 20: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously

certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be returned to the City.

SECTION 21: Legal Opinion. The Underwriter's obligation to accept delivery of the Bonds is subject to being furnished a final opinion of Norton Rose Fulbright US LLP, Dallas, Texas, approving the Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds. A true and correct reproduction of said opinion or an executed counterpart thereof shall accompany the global Bonds deposited with DTC or a reproduction thereof shall be printed on the definitive Bonds in the event the book-entry-only system shall be discontinued.

SECTION 22: Continuing Disclosure Undertaking.

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

"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 (1) within six months after the end of each fiscal year of the City beginning in the year 2016, financial information and operating data with respect to the City of the general type included in the final Official Statement in Tables 1 through 6 and 8 through 15 in the Official Statement, and (2) within twelve months after the end of each fiscal year of the City beginning in the year 2016, the audited financial statements of the City. If the audit of such financial statements is not complete within twelve (12) months after any such fiscal year end, then the City shall file unaudited financial statements by the required time and audited financial statements for the applicable fiscal year, when and if the audit report becomes available. Any financial statements to be provided shall be (i) prepared in accordance with the accounting principles described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and in substantially the form included in the Official Statement, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The City shall provide notice of any of the following events with respect to the Bonds to the MSRB in a timely manner and not more than ten (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 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, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding subsection (c)12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such

jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section while, but only while, 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 the notice required by subsection (c) hereof of any Bond calls and defeasance that cause the City to be no longer such an "obligated person."

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 constitute 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.

Notwithstanding anything to the contrary in this Ordinance, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting 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 to the date of such amendment, 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) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) hereof an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 23: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance or effect as regards the legality thereof, and neither the City nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

SECTION 24: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

SECTION 25: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 26: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 27: Effect of Headings. The Section headings herein are for convenience of referenced only and shall not affect the construction hereof.

SECTION 28: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 29: 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 the City Commission hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 30: Incorporation of Findings and Determinations. The findings and determinations of the City Commission contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 31: Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Clerk, City Manager, Assistant City Manager, and Director of Finance 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 on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance, sale and delivery of the Bonds. In addition, prior to the initial delivery of the Bonds, the Mayor, Mayor Pro Tem, City Clerk, City Manager, Assistant City Manager, Director of Finance or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect, or omission in the Ordinance or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 32: Bond Insurance. The Bonds have been sold with the principal of and interest thereon being insured by Build America Mutual Assurance Company.

SECTION 33: Public Meeting. It is officially found, determined and declared that the meeting at which this Ordinance 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 Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 34: Effective Date. In accordance with the provisions of Texas Government Code, Section 1201.028, as amended, this Ordinance shall be in force and effect from and after its passage on the date shown below and it is so ordained.

[remainder of page left blank intentionally]

PASSED AND ADOPTED, this June 20, 2016.

CITY OF CANYON, TEXAS

QUINN ALEXANDER, MAYOR

ATTEST:

Gretchen Mercer, City Clerk

(City Seal)

EXHIBIT A

PAYING AGENT/REGISTRAR AGREEMENT

REGARDING ITEM 9

AGENDA

To: Randy Criswell, City Manager
From: Brian Noel, Parks Director
Date: June 14, 2016
Re: Consider process of naming new aquatic center

As we get closer to the start of construction on the new Aquatic Center it is evident we must look at the process of naming the Aquatic Center. The process will start at the Parks and Open Spaces Committee with a recommendation coming to you. The committee will discuss the process of selecting a name that might include a public contest or other possible avenues that will be determined.