

NOTICE OF PUBLIC HEARING
THE FREEPORT CITY COUNCIL
MONDAY , FEBRUARY 3, 2014, 6:00 P.M.
FREEPORT MUNICIPAL COURT ROOM
FREEPORT POLICE DEPARTMENT, 430 NORTH BRAZOSPORT BLVD.
FREEPORT, TEXAS
AGENDA
FORMAL SESSION

1. Call to order.
2. Invocation.
3. Pledge of Allegiance.
4. Consideration of approving the January 21st, 2014 Council Minutes. Pg. 105-109
5. Attending citizens and their business.
6. Consideration of approving Ordinance No. 2014-2059 calling the Annual General Election for the City of Freeport for the second Saturday in May 2014, being May 10, 2014 at which the voters of said City residing in Wards A and Ward C shall be permitted to vote for or against the candidates for positions A and C on the City Council of the City of Freeport. Pg. 110-114
7. Consideration of approving of Resolution No. 2014-2432 approving issuance up to a maximum amount of \$59,000,000 Brazosport Water Authority water supply system revenue bonds, Series 2014. Pg. 115-120
8. Consideration of rescheduling February 17th, 2014 to February 18th, 2014 to observe President's Day.
9. Consideration of approving Resolution No. 2014-2433 to form a non-profit corporation under 501 (C) (3) of the U.S. Federal Tax Code to receive and administer funds and other assets donated for the benefit of the Freeport Museum; such corporation to be controlled with oversight by the City Council of the City of Freeport. Pg. 121-122

Work Session:

- A. Regarding Summer Time Blues Festival.
- B. Presentation by the Brazos Water Authority on a propose new water desalination project. Pg. 123-173
- C. Propose a Freeport Golf RV Park.
- D. Discussion relating to alley usage and designating a no thru alley.

E. Regarding creating an ordinance regarding animal waste removal. Pg. 175-177

Executive Session:

Section 551.071, Government Code

Consultation with City Attorney concerning pending or contemplated litigation, settlement offers or other matters in which his duty to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Government Code, to wit;

- Pending Litigations - Marina Lawsuit

Adjourn

Items not necessary discussed in the order they appear on the agenda. The Council at its discretion may take action on any or all of the items as listed. This notice is posted pursuant to the Texas Open Meeting Act. (Chapter 551, Government Code).

In compliance with the Americans with Disabilities Act, the City of Freeport will provide for reasonable accommodations for persons attending City Council Meetings. Request should be received 48 hours prior to the meeting. Please contact the City Secretary office at 979-233-3526.

I, Delia Munoz City Secretary for the City of Freeport, Texas certify that this agenda was posted on the official bulletin board/glass door of City Hall, facing the rear parking lot of the building, with 24 hours a day public access, 200 West 2nd Street, Freeport Texas, January 31, 2014 at or before 5:00 p.m.

Delia Munoz - City Secretary
City of Freeport, Texas

State of Texas

County of Brazoria

City of Freeport

BE IT REMEMBERED, that the Freeport City Council and the Planning Commission met on Tuesday, January 21, 2014 at 6:00 p.m. at the Freeport Municipal Court Room, 430 North Brazosport, Freeport Texas for the purpose of considering the following agenda items:

City Council: Mayor Norma M. Garcia
Councilwoman Michelle Kent
Councilman Fred Bolton
Councilwoman Sandra Loeza
Councilwoman Sandra Barbree

Planning Commission: Edward Garcia – Chairman
Reuben Cuellar
Tobey Davenport – Absent
Jesse Aguilar, Jr.
Eddie Virgil

Staff: Jeff Pynes, City Manager
Wallace Shaw, City Attorney
Delia Munoz, City Secretary
Nat Hickey, Property Manager
Gilbert Arispe, Asst. City Manager
Dan Pennington, Chief of Police
Larry Fansher, Parks Department

Visitors: Roy Yates Bobby Casale
Melanie Oldham Jerry Meeks
Shannon Daughtry Chris Motley
Louie Jones Maria Garcia
Tina Rodgers Lila Lloyd
Vijay Patel

Call to order.

Mayor Norma Garcia called the meeting to order at 6:02 p.m.

Invocation.

Wallace Shaw offered the invocation.

Pledge of Allegiance.

Louie Jones led the Pledge of Allegiance.

Consideration of approving the January 6th, 2014 Council Minutes.

On a motion by Councilman Kent, seconded by Councilwoman Loeza, with all present voting "aye", Council unanimously approved the January 6th, 2014 Council Minutes.

Attending citizens and their business.

Bobby Casale commented on the light poles out at Bridge Harbor. He also asked the Council to implement an ordinance that a person or animal handler promptly remove and dispose feces left by their animal. He reported that signs are being erected at the mouth of the river and San Luis Pass that swimmers must wear life jackets.

Joint Public Hearing: The City Council of the City of Freeport and the Planning Commission of said City will conduct a public hearing to consider a proposed amendment to the Comprehensive Zoning Ordinance of said City, codified as Chapter 155 of the Code of Ordinances of said City, to add condominium to Section 155.032 (R-2A District) to add provisions for condominiums and Section 155.002 of said chapter.

There being a quorum with the Planning Commission, Mayor Garcia opened the Joint Public Hearing with the Planning Commission at 6:10 p.m.

Chairman Edward Garcia asked for any comments from audience or staff. Melanie Oldham concern was that hurricanes had blown away the condo's and townhouse in Galveston and wanted to make sure that Freeport's are in compliance.

Chairman Edward Garcia and the Planning Commission do recommend adding "condominium to Section 155.032 (R-2A District) to add provision for condominiums and Section 155.002 of said Chapter.

There being no more questions or comments, Mayor Garcia closed the Joint Public Hearing at 6:14 p.m.

Consideration of approving Ordinance 2013-2056 to add to Section 155.002 a definition of condominium and to amend Section 155.032 to require that a condominium satisfy the requirements of Section 155.032 for townhouses unless such requirements conflict with the provisions of Chapter 81 or 82 of the Property Code.

On a motion by Councilwoman Kent, seconded by Councilwoman Loeza, with all present voting "aye", Council unanimously approved Ordinance No. 2013-2056 to add to Section 155.002 a definition of condominium and to amend Section 155.032 to require that a condominium satisfy the requirements of Section 155.032 for townhouses unless such requirements conflict with the provisions of Chapter 81 or 82 of the Property Code.

Public Hearing to consider designating the following described real property located within the corporate boundaries of the City as a reinvestment zone for the purpose of entering into an agreement with the owner or owners thereof granting a tax abatement:

Lots 64 & 65, Bridge Harbor Subdivision, a subdivision in the Brazos Coast Investment Company Subdivision, Division 8, F. J. Calvit Survey, Abstract 51, Brazoria County, Texas according to the map of plat thereof on file in the office of the County Clerk of said county.

Mayor Garcia opened the Public Hearing at 6:15 p.m. to consider designating the following described real property located within the corporate boundaries of the City as a reinvestment zone for the purpose of entering into an agreement with the owner or owners thereof granting a tax abatement

There being no comments for questions from audience or staff, Mayor Garcia stated that a Public Hearing was necessary to designate the property within the City as a reinvestment zone. Mayor Garcia closed the Public Hearing at 6:17 p.m.

Consideration of approving Ordinance No. 2014-2058 designating the improvements to land located within the incorporated limits of said City as a reinvestment zone to be known as the Jasen and Julia Gast reinvestment zone and providing for its initial term and the renewal thereof.

On a motion by Councilwoman Kent, seconded by Councilwoman Barbree, with all present voting "aye", Council unanimously approved Ordinance No. 2014-2058 designating the improvements to land located within the incorporated limits of said City as a reinvestment zone to be known as the Jasen and Julia Gast reinvestment zone and providing for its initial term and the renewal thereof.

Consideration of approving Resolution No. 2014-2430 granting a tax abatement to Jasen and Julia Gast pursuant to the terms and conditions of and authorizing the Mayor and City Secretary to execute and attest respectively a tax abatement agreement with the said Jasen and Julia Gast.

On a motion by Councilwoman Kent, seconded by Councilwoman Barbree, with all present voting "aye", Council unanimously approved Resolution No. 2014-2430 granting a tax abatement to Jasen and Julia Gast pursuant to the terms and conditions of and authorizing the Mayor and City Secretary to execute and attest respectively a tax abatement agreement with the said Jasen and Julia Gast.

Consideration of approving Resolution No. 2014-2431 approving submission of the grant application for fiscal year 2015, for the Radio Interoperability Upgrade to the Office of the Governor, Criminal Justice Division to purchase 30 portable radios.

On a motion by Councilwoman Kent, seconded by Councilwoman Barbree, with all present voting "aye", Council unanimously approved Resolution No. 2014-2431 approving submission of the grant application for fiscal year 2015, for the Radio Interoperability Upgrade to the Office of the Governor, Criminal Justice Division to purchase 30 portable radios.

Consideration of approving and signing a replat for Jasen & Julia Gast, Lots 64 & 65 Bridge Harbor Subdivision, F. J. Calvit League, Abstract 51, known as 65 Marlin Lane Freeport Texas.

On a motion by Councilwoman Kent, seconded by Councilwoman Barbree, with all present voting "aye", Council unanimously approved signing a replat for Jasen & Julia Gast, Lots 64 & 65 Bridge Harbor Subdivision, F. J. Calvit League, Abstract 51, known as 65 Marlin Lane Freeport Texas.

Consideration of approving and signing a replat for Dilip R. Patel of Lot 521 A1A, BCIC Division 14, J. F. Fields, Brazosport Mobile Home Park, known as 2001 Brazosport Boulevard.

The replat was approved by the Planning Commission on May 28, 2013.

On a motion by Councilwoman Barbree, seconded by Councilman Bolton, with all present voting "aye", Council unanimously approved signing a replat for Dilip R. Patel Lot 521 A1A, BCIC Division 14, J. F. Fields, Brazosport Mobile Home Park, known as 2001 Brazosport Boulevard. Councilman Bolton asked that Code Enforcement continue to review the property.

Consideration of accepting FEMA- 1999-040 Generator Grant No. 1 and FEMA -1999-038 Generator Grant No. 2.

On a motion by Councilman Bolton, seconded by Councilwoman Loeza, with all present voting "aye", Council unanimously approved accepting FEMA- 1999-040 Generator Grant No. 1 and FEMA -1999-038 Generator Grant No. 2.

Consideration of accepting request for proposals and setting a bid date for February 12, 2014 for FEMA-1999-040 Generator Grant No.1 and FEMA -1999-038 Generator Grant No. 2.

On a motion by Councilman Bolton, seconded by Councilwoman Loeza, with all present voting "aye", Council unanimously approved accepting request for proposals and setting a bid date for February 12, 2014 for FEMA-1999-040 Generator Grant No.1 and FEMA -1999-038 Generator Grant No. 2.

Consideration of accepting a Deed Without Warranty and Assignment of Easements from Velasco Drainage District.

On a motion by Councilwoman Barbree, seconded by Councilwoman Kent, with all present voting "aye", Council unanimously approved accepting a Deed Without Warrant and Assignment of Easements from Velasco Drainage District, with the exception that Velasco Drainage District continue regulating the permits along the south side of the levee.

Consideration of authorizing the Mayor to execute and acknowledge and the City Secretary to attest an Assignment, Assumption and Modification of Lease with THE GROCERS SUPPLY CO., INC., of property owned by the City and located adjacent to the property in the Velasco Townsite on which the building formerly occupied by Baywood Foods is located and to execute, acknowledge and attest an Estoppel Certificate in connection with such Assignment, Assumption and Modification.

On a motion by Councilwoman Kent, seconded by Councilwoman Loeza, with all present voting "aye", Council unanimously approved authorizing the Mayor to execute and acknowledge and the City Secretary to attest an Assignment, Assumption and Modification of

Lease with THE GROCERS SUPPLY CO., INC., of property owned by the City and located adjacent to the property in the Velasco Townsite on which the building formerly occupied by Baywood Foods is located and to execute, acknowledge and attest an Estoppel Certificate in connection with such Assignment, Assumption and Modification.

Consideration of taken action on any items discussed in Executive Session.

No action taken

Mayor Norma Garcia closed the Formal Session and opened the Executive Session at 6:56 p.m.

Executive Session:

Section 551.071, Government Code

Consultation with City Attorney concerning pending or contemplated litigation, settlement offers or other matters in which his duty to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with Chapter 551, Government Code, to wit;

- Pending Contractual Negotiations with Skymark Development
- Regarding Charter Review amendments.
(no action taken)

Mayor Norma Garcia closed the Executive Session and opened the Formal Session at 8:02 p.m.

Adjourn

On a motion by Councilwoman Kent, seconded by Councilwoman Barbree, with all present voting "aye", Council adjourned the meeting at 8:03 p.m.

Mayor Norma M. Garcia
City of Freeport, Texas

City Secretary – Delia Munoz
City of Freeport, Texas

ORDINANCE NO. 2014-2059

AN ORDINANCE OF THE CITY OF FREEPORT, TEXAS, CONTAINING A PREAMBLE; CALLING THE ANNUAL GENERAL ELECTION FOR THE CITY OF FREEPORT FOR THE SECOND SATURDAY IN MAY, 2014, BEING MAY 10, 2014, AT WHICH THE VOTERS OF SAID CITY RESIDING IN WARDS A AND C SHALL BE PERMITTED TO VOTE FOR OR AGAINST THE CANDIDATES FOR POSITIONS A AND C ON THE CITY COUNCIL OF THE CITY OF FREEPORT; PROVIDING POLLING PLACES FOR SAID ELECTION; ESTABLISHING THE QUALIFICATIONS FOR CANDIDATES FOR THE OFFICES TO BE VOTED UPON; PROVIDING FOR APPLICATIONS FOR CANDIDATES AND SPECIFYING A FILING DEAD LINE AND THE DATE WHEN FILING MAY BEGIN; PROVIDING FOR THE QUALIFICATION OF ELECTORS; APPOINTING THE OFFICERS OF SAID ELECTION AND DESIGNATING THE NUMBER OF CLERKS TO ASSIST IN CONDUCTING SAID ELECTION AND THE COMPENSATION TO BE PAID THE ELECTION JUDGE AND CLERKS; PROVIDING FOR EARLY VOTING; PROVIDING FOR RATIFICATION AND CONFIRMATION BY THE MAYOR OF SAID CITY OF THE ACTION TAKEN BY THIS ORDINANCE; AND PROVIDING FOR AN EFFECTIVE DATE OF THIS ORDINANCE.

WHEREAS, pursuant to Section 3.01 of the Home Rule Charter of the City of Freeport, Texas ("the City"), MICHELLE KENT and SANDRA LOEZA were elected on the second Saturday in May, 2012, to Council Position A and Council Position C on the City Council of the City, respectively, for a two (2) year term each.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

SECTION ONE--Election for Wards A and C Called.

Pursuant to said Section 3.01, the Mayor and City Council hereby order and ordain, respectively, that the election required to be held in the City for Council Positions A and C, now held by MICHELLE KENT and SANDRA LOEZA, respectively, be hold on the second Saturday in May of 2014, being May 10, 2014, between the hours of 7:00 o'clock a.m. and 7:00 o'clock p.m., each election being for a term of two (2) years.

SECTION TWO--Municipal Polling Places

As provided in the Joint Election Agreement and Contract for Election Services between the City and the County Clerk of Brazoria County, Texas, which is incorporated herein by reference, for the purpose of the election called by this ordinance, there shall be two (2) municipal polling places, one located outside the City of Freeport at the Oyster Creek City Hall, located at 3210 FM 523 in the Village of Oyster Creek, Texas, where voters residing in Brazoria County Election Precinct 8 but also residing within the City shall vote on election day and one within the City of Freeport located at the Brazosport High School Auditorium, John Magee Performance Center, 1800 West Second Street, Freeport, Brazoria County, Texas, where all other voters shall vote on election day.

SECTION THREE--Candidates, Applications and Filing Fees

(a) Everyone who has attained the age of eighteen (18) years, who has resided within the incorporated limits of the City for a period of six (6) months immediately preceding the last day on which a candidate's application for a place on the ballot could be delivered to the City Secretary, as hereinafter provided, shall be eligible to become a candidate for the office of Mayor of the City by filing a sworn application, as hereinafter provided.

(b) Everyone who has attained the age of eighteen (18) years, who has resided within the incorporated limits of the City for a period of six (6) months immediately preceding the last day on which a candidate's application for a place on the ballot could be delivered to the City Secretary, as hereinafter provided, and who:

(1) resides in Ward A, as defined in said Ordinance No. 2002-2001, on the day such application is filed, shall be eligible to become a candidate for the office of Council Position A by filing a sworn application, as hereinafter provided; and,

(2) resides in Ward C, as defined in said Ordinance No. 2002-2001, on the day such application is filed, shall be eligible to become a candidate for the office of Council Position C by filing a sworn application, as hereinafter provided.

(c) Each candidates application shall be in writing, contain the matters set out in

Section 141.031, Texas Election Code and be filed with the City Secretary of the City.

(d) An application may not be filed earlier than the ninety-eighth (98th) day before the day hereinabove specified for said election and must be filed not later than 5:00 o'clock p.m. of the sixty-eighth (68th) day preceding the day hereinabove specified for said election, being February 1, 2014, and March 3, 2014, respectively.

SECTION FOUR--Electors.

Every person eligible to vote under the provisions of Chapter 11 of Title 2 of the Texas Election Code who is a resident of the City and who is duly registered to vote in the county election precinct where and on the day on which he or she votes, shall be entitled to vote for or against the candidates for Council Position B if such voter resides in Ward B, as defined in said Ordinance No. 2002-2001, and for or against the candidates for Council Position D if such voter resides in Ward D, as defined in said Ordinance No. 20022001.

SECTION FIVE--Officers of Election and Compensation Thereof

The Presiding Judge, Alternate Presiding Judge and clerks needed on the day of election for the election called by this ordinance, for the early ballot board and the central counting station shall be appointed, have the duties and be compensated as provided in the Joint Election Agreement and Contract for Election Services between the City and the County Clerk of Brazoria County, Texas, which is incorporated herein by reference.

SECTION SIX--Early Voting.

Early voting shall begin on April 28, 2014, and end on May 6, 2014, such early voting to be conducted by the County Clerk of Brazoria County, Texas, between the hours of 8:00 a.m. and 5:00 p.m. at the following locations, from Monday, April 28, 2014, through Friday, May 4, 2014, and between the hours of 7:00 a.m. through 7:00 p.m. on Saturday, May 3, Monday, May 5, and Tuesday, May 6, 2014, at such locations, to-wit:

<u>Angleton Main Location:</u>	East Annex (Old Walmart Building) 1524 E. Mulberry, Room 144, Angleton
<u>Alvin Branch Location:</u>	Alvin Library 105 S. Gordon, Alvin
<u>Brazoria Branch Location:</u>	Brazoria Library 620 S. Brooks, Brazoria
<u>Freeport Branch Location:</u>	Freeport Library 410 Brazosport Blvd., Freeport
<u>Lake Jackson Branch Location:</u>	Lake Jackson Library 250 Circle Way, Lake Jackson
<u>Manvel Branch Location:</u>	Courthouse North Annex 7313 Corporate Dr., Manvel
<u>Pearland East Branch Location:</u>	Pearland Library 3522 Liberty Dr. Pearland
<u>Pearland West Branch Location:</u>	Westside Event Center 2150 Countryplace Pkwy., Pearland
<u>Shadow Creek Branch Location:</u>	Pearland Westside Library 2803 Business Center Dr. # 101 Pearland
<u>Sweeny Branch Location:</u>	Sweeny Community Center 205 W. Ashley Wilson Rd., Sweeny
<u>West Columbia Branch Location:</u>	Pct. 4 Government Office 121 N. 10 th St., West Columbia

SECTION SEVEN--Method of Voting and Conducting Election

Both early voting and all voting on the day named above for the holding of said charter amendment election shall be in the manner specified in the Joint Election Agreement and Contract for Election Services between the City and the County Clerk of Brazoria County, Texas, mentioned above.

SECTION EIGHT--Notice of Election.

(a) The Mayor of the City is hereby authorized and directed to issue a notice of said special election, including a substantial copy of above and foregoing proposition, and to cause the same to be posted in accordance with Section 4.003(a)(2) of the Election Code for at least twenty-one (21) days prior to the date named above for the holding of said election on the bulletin board used for posting notices of meetings of the City Council.

(b) The City Secretary of the City is hereby authorized and directed to cause a copy of such notice, including a substantial copy of above and foregoing proposition, to be published in a newspaper in accordance with Section 4.003(a)(1) of the Election Code, such publication to be at least ten (10) days before but not more than thirty (30) days before the date named above for the holding of said special election.

SECTION NINE--Ratification and Confirmation by Mayor

By signing this ordinance, the undersigned Mayor of the City hereby ratifies and confirms as his action all matters hereinabove recited which by law come within his jurisdiction.

SECTION TEN--Effective Date.

This ordinance shall be effective immediately upon its passage and approval.

READ, PASSED AND APPROVED this ____ day of _____, 2012.

Norma Moreno Garcia, Mayor,
City of Freeport, Texas

ATTEST:

Delia Muñoz, City Secretary,
City of Freeport, Texas

APPROVED AS TO FORM ONLY:

Wallace Shaw, City Attorney,
City of Freeport, Texas

RESOLUTION APPROVING ISSUANCE UP TO A MAXIMUM AMOUNT OF \$59,000,000 BRAZOSPORT WATER AUTHORITY WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2014; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Brazosport Water Authority (the "Authority") was created by 1985 Tex. Laws, Reg. Sess., Ch. 449 at 3063, as amended, under the authority of Article XIV, Section 59 of the Texas Constitution, and the boundaries of the Authority have not been in any way changed or altered since the enactment of Chapter 449, Acts of the 69th Legislature of Texas, Regular Session, 1985. The Authority has entered into a take-or-pay water supply contract (the "Contract"), dated February 20, 1987, with seven member cities of the Authority, including the City of Freeport, (the "City"), under the terms of which the cities are collectively obligated to make payments to the Authority sufficient to pay the principal and interest requirements on outstanding bonds, and such Contracts remain in full force and effect.

WHEREAS, the Board of Directors (the "Board") of the Authority desires to proceed with a plant rehabilitation and expansion of the Authority's water supply system as described in Section 8.2 of the Contract (the "Additional Projects") through the issuance of the Authority's Water Supply System Revenue Bonds, Series 2014 (the "Series 2014 Bonds") under a bond resolution in substantially the form attached as Exhibit A hereto (the "Bond Resolution") and has authorized the Authority's attorneys and financial advisors to take any action reasonably necessary to proceed with preparation for the issuance of the Series 2014 Bonds for the Additional Projects; and

WHEREAS, the Board will proceed with the Additional Projects in multiple phases, in substantially the amounts and as more particularly described in Exhibit B attached hereto, with the aggregate cost of such Additional Projects not to exceed a total of \$59,000,000; and

WHEREAS, the City Council of the City of Freeport (the "City Council") finds such Additional Projects to be necessary and feasible;

WHEREAS, pursuant to Section 7.1 of the Contract, the City Council acknowledges the term of the Contract shall be extended until payment in full of the principal, premium, if any, and interest on the Series 2014 Bonds and all related fees;

WHEREAS, pursuant to Section 8.2 of the Contract, the City Council finds that the City is not in default under the Contract; and

WHEREAS, pursuant to Section 8.2 of the Contract, the Board of the Authority and the City Council of the City mutually agree such Additional Projects are necessary and feasible and acknowledge receipt of the Bond Resolution by the City for review; NOW THEREFORE

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

SECTION 1.01 AUTHORIZATION AND INTENT. In accordance with Sections 8.2 and 9.4 of the Contract, the City Council is hereby authorized to approve of the issuance of the Series 2014 Bonds by the Authority pursuant to the Bond Resolution and the Mayor, the City

Manager or any other duly appointed person is hereby authorized and directed to take any action reasonably necessary to proceed with the issuance of the Series 2014 Bonds.

SECTION 1.02. RATIFICATION AND EXTENSION OF CONTRACT. The terms of the Contract previously entered into are hereby ratified by the City and the term of the Contract shall be extended until payment in full of the principal, premium, if any, and interest on the Series 2014 Bonds and all related fees

SECTION 1.03. CONTINUING DISCLOSURE. 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

(a) So long as the Series 2014 Bonds or any bonds issued for the Additional Projects described herein remain outstanding, the City will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB and available via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data that is customarily prepared by the City. The City shall update such information within six months after the end of each fiscal year. Any financial statements so to be provided shall be (1) prepared in accordance with the Accounting Principles described in this Resolution and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the City shall provide unaudited financial statements for the applicable fiscal year by the required time, and audited financial statements when and if audited financial statements become available.

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 documents (i) available to the public on the MSRB’s internet web site or (ii) filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;

- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the City;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The City shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with this Section by the time required by such Section.

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

(c) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by this Section 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 Registered Owners 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 REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS 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 the Resolution for purposes of any other provision of this Resolution.

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

(d) The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell the 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 Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution 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 Registered Owners and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section 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. The City may also amend or repeal the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in any case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully

purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

SECTION 1.03 FINDINGS. It is hereby found and determined that the matters and facts set out in the preamble to this Resolution are true and correct.

SECTION 1.04 INTERPRETATIONS. The titles and headings of the sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof in this Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein.

SECTION 1.05 CITY'S SUCCESSORS AND ASSIGNS. Whenever, in this Resolution, the City Council is named and referred to it shall be deemed to include its successors and assigns, and all covenants and agreements in this Resolution by or on behalf of the Participating Customer, except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

SECTION 1.06 SEVERABILITY CLAUSE. If any word, phrase, clause, sentence, paragraph, section or other part of this Resolution, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Resolution and the application of such word, phrase, clause, sentence, paragraph, section or other part of this Resolution to any persons or circumstances shall not be affected thereby.

SECTION 1.07 OPEN MEETING. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

[Execution Page Follows.]

PASSED AND APPROVED on this _____ day of _____ 2014.

Mayor
City of Freeport, Texas

ATTEST:

City Secretary
City of Freeport, Texas

[CITY SEAL]

RESOLUTION NO. 2014-2433

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS TO FORM A NON-PROFIT CORPORATION UNDER 501(C)(3) OF THE U.S. FEDERAL TAX CODE TO RECEIVE AND ADMINISTER FUNDS AND OTHER ASSETS DONATED FOR THE BENEFIT OF THE FREEPORT MUSEUM; SUCH CORPORATION TO BE CONTROLLED WITH OVERSIGHT BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS.

WHEREAS, the City of Freeport, Texas owns and operates the Freeport Historical Museum for the purpose of education of the general public about the history of the City of Freeport and surrounding area,

WHEREAS, the City of Freeport has received interest by members of the public to donate funds and other items of value to support the Freeport Historical Museum,

WHEREAS, the City of Freeport desires to create a non-profit corporation under 501(c)(3) under the U.S. Federal Tax Code to receive and administer donations, allowing for such donations to be tax-deductible for those donating.

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

SECTION ONE (1): CREATION OF CORPORATION

The City Council of the City authorizes the City Manager to create the non-profit corporation for the sole purpose of receiving charitable donations and administering those donations for the benefit of the Freeport Historical Museum. The corporation shall file for 501(c)(3) status with the Internal Revenue Service. Such corporation shall be formed to benefit the City of Freeport and be regarded as a blended unit for accounting purposes.

SECTION TWO (2): CREATION OF BYLAWS

The City Council of the City authorizes the creation of corporate bylaws which establishes the duties of the City Manager to operate the corporation, under supervision of the City Council. The authority of the City Manager shall pass to successive City Manager's and to the Mayor of Freeport should the City Manager position be vacant. The City Council shall maintain authority to change the corporate bylaws, and remove the City Manager's authority over the corporation at will. All charitable contributions received shall be placed with the City of Freeport and shall be disbursed or expended upon approval of the City Council.

READ, PASSED AND ADOPTED this the ___ day of _____, 2013.

**Norma Moreno Garcia, Mayor
City of Freeport, Texas**

ATTEST:

**Delia Munoz, City Secretary
City of Freeport, Texas**

BRAZOSPORT WATER AUTHORITY
25 Year Amortization
\$58,985,000 Bond Program

Delivery Date	Series 2014 6/1/2014	Series 2015 6/1/2015	Series 2016 6/1/2016	Series 2018 6/1/2018	Aggregate Proceeds
Uses of Proceeds					
Construction Deposit	\$ 8,750,000.00	\$ 8,652,606.00	\$ 23,134,579.00	\$ 12,763,575.00	\$ 53,300,760.00
Debt Service Reserve Fund	774,750.00	754,100.00	2,000,000.00	1,123,200.00	4,652,050.00
Costs of Issuance	125,000.00	125,000.00	200,000.00	125,000.00	575,000.00
Underwriter's Discount	77,840.00	76,880.00	204,320.00	113,000.00	472,040.00
Additional Proceeds	2,410.00	1,414.00	1,101.00	225.00	5,150.00
Total Proceeds	\$ 9,730,000.00	\$ 9,610,000.00	\$ 25,540,000.00	\$ 14,125,000.00	\$ 59,005,000.00

CERTIFICATE FOR RESOLUTION

THE STATE OF TEXAS §
 §
COUNTY OF BRAZORIA §

We, the undersigned officers of the Brazosport Water Authority, hereby certify as follows:

1. The Board of Directors of the Brazosport Water Authority, convened in regular session on _____, 2014, at the regular meeting place thereof, within the Authority and the roll was called of the duly constituted officers of the Board, to wit:

- | | |
|--------------------|----------------|
| Juan Longoria, III | President |
| Jessie Knight | Vice President |
| Joe Damian | Secretary |
| Ellis Feiner | Director |
| Johnny Ray Norris | Director |
| Stoney Burke | Director |
| Carl Morrison | Director |

and all of said persons were present, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

RESOLUTION AUTHORIZING THE ISSUANCE OF [\$59,000,000] BRAZOSPORT WATER AUTHORITY WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2014; MAKING PROVISION FOR THE PAYMENT OF THE INTEREST THEREON AND THE PRINCIPAL THEREOF; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

was duly introduced for the consideration of the Board and read in full. It was then duly moved and seconded that said resolution be adopted; and, after due discussion, said motion, carrying with it the adoption of the resolution, prevailed and carried by the following vote:

AYES: _____
NOES: _____

2. A true, full and correct copy of the aforesaid resolution adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the resolution has been duly recorded in the Board's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Board's minutes of said meeting pertaining to the adoption of the resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers of the Board as indicated therein; that each of the officers of the Board was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that the resolution

would be introduced and considered for adoption at said meeting, and each of said officers consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by the Texas Open Meetings Act.

SIGNED this ____ day of _____ 2014.

Secretary

President

RESOLUTION AUTHORIZING THE ISSUANCE OF [\$59,000,000]
BRAZOSPORT WATER AUTHORITY WATER SUPPLY SYSTEM
REVENUE BONDS, SERIES 2014; MAKING PROVISION FOR THE
PAYMENT OF THE INTEREST THEREON AND THE PRINCIPAL
THEREOF; AND CONTAINING OTHER PROVISIONS RELATING TO THE
SUBJECT

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE BRAZOSPORT
WATER AUTHORITY:

ARTICLE I
STATUTORY AUTHORITY, RECITALS AND FINDINGS

SECTION 1.01 CREATION OF AUTHORITY. Pursuant to the provisions of Section 59 of Article XVI, as amended, of the Texas Constitution, the Brazosport Water Authority (the "Authority") was created by 1985 Tex. Laws, Reg. Sess., Ch. 449 at 3063 (the "Act"), as a conservation and reclamation district, a body politic and corporate and a governmental agency of the State of Texas, and the creation thereof was duly and lawfully confirmed at an election held for such purposes on September 14, 1985, as required by law.

The Authority is authorized to conserve, store, transport, treat and purify, distribute, sell, and deliver treated surface water to customers situated within or without the Authority and to acquire all properties and facilities necessary or useful for such purposes, and for any and all of such purposes to enter into contracts with Persons and corporations, both public and private, and political subdivisions of the State for such periods of time and on such terms and conditions as its Board of Directors may deem desirable, and to issue its revenue bonds to provide funds for any and all such purposes.

SECTION 1.02 AUTHORIZATION. The Bonds shall be issued in fully registered form in the aggregate principal amount of [\$59,000,000] for the purpose of providing partial funds to construct or otherwise acquire properties, water rights, works and facilities to transport, treat and purify, distribute, sell and deliver treated surface water to the Authority's customers and to pay expenses in connection with the sale and issuance of the Bonds under it in strict conformity with the Constitution and Laws of the State of Texas.

SECTION 1.03 FINDINGS. It is hereby found and determined that the matters and facts set out in the preamble to this Resolution are true and correct.

(a) It is necessary that the Authority secure a source of supply of treated surface water to serve the inhabitants of the Authority's customers and future customers;

(b) The health and welfare of the inhabitants of the Authority's customers require the conversion from groundwater to treated surface water;

(c) Due to drought conditions prevalent throughout the Brazos River basin and continued demand for water throughout the Brazos River basin, it is necessary and feasible for the continued supply to the Authority's customers for the Authority to make improvements and construct additional storage of water at its current facility;

(d) The [\$59,000,000] Bonds authorized by this Resolution shall be issued to provide funds to construct or otherwise acquire properties, water rights, works and facilities to transport, treat and purify, distribute, sell and deliver treated surface water to the Authority's customers and to pay expenses in connection with the sale and issuance of the Bonds under it in strict conformity with the Constitution and Laws of the State of Texas;

(e) the [\$59,000,000] Bonds authorized by this Resolution are issued pursuant to the Water Supply Contracts (as defined herein) or the Act; and

(f) the Authority has relied on the finding that each Participating Customer is not in default under the Contract in accordance with Section 8.2 of the Contract; and

(g) the matters and facts set out in this Article I are true and correct.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

SECTION 2.01 **DEFINITIONS.** Unless otherwise expressly provided or unless the context otherwise requires, the terms defined in this Section 2.01 shall have the respective meanings specified for all purposes of this Resolution (except Article V) and any resolution amendatory or supplemental hereto:

"Act" 1985 Tex. Laws, Reg. Sess., Ch. 449 at 3063.

"Additional Parity Bonds" The additional parity revenue bonds which the Authority expressly reserves the right to issue in Section 15.01 of this Resolution.

"Annual Principal and Interest Requirements" As of any particular time of determination, the aggregate amount of principal and interest scheduled to come due during the remainder of the then current Fiscal Year and any future Fiscal Year on the Parity Bonds then Outstanding, but excluding for any such Fiscal Year funded interest on the Parity Bonds or funded principal of the Parity Bonds deposited in the Debt Service Fund and available during such Fiscal Year and excluding capitalized interest, if any, deposited into the Debt Service Fund pursuant to a resolution authorizing Parity Bonds. Annual Principal and Interest Requirements shall be calculated on the assumption that no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of scheduled principal maturities or scheduled mandatory redemption of such Bonds.

"Authority" Brazosport Water Authority and any other public agency succeeding to the powers, rights, privileges and functions of such Authority.

"Authorized Investments" Any obligation, bond or security authorized by Texas law as an authorized investment for the Authority.

"Blanket Issuer Letter of Representations" The Blanket Issuer Letter of Representations between the Authority, the Registrar and DTC.

“Board” The Board of Directors of the Authority.

“Bond Purchase Agreement” The agreement between the Authority and the Underwriter described in Section 8.01 of this Resolution.

“Bond Register” The Bond Register for the Parity Bonds as described in Section 3.11.

“Bonds” Any bond or all bonds, as the case may be, of the issue of [\$59,000,000] Brazosport Water Authority Water Supply System Revenue Bonds, Series 2014, dated _____ 1, 2014, authorized, issued, and authenticated pursuant to this Resolution including any bonds issued in lieu of or in exchange therefor pursuant to the terms of this Resolution.

“Business Day” Any day which is not a Saturday, Sunday, a day on which banking institutions in Dallas, Texas, are authorized by law or executive order to close, or a legal holiday.

“Certified Public Accountant” Any certified public accountant or certified public accountants or accounting corporation of recognized experience and qualifications selected by the Authority.

“Code” The Internal Revenue Code of 1986, as amended.

“Construction Fund” The Brazosport Water Authority Water Supply System Revenue Bonds Construction Fund created and established in Section 7.01 of this Resolution.

“Consulting Engineer” CDM Smith, or such other professional engineering firm at the time retained by the Authority for the purpose of acting as consulting engineer to the Authority.

“Contract” the take-or-pay water supply contract, dated February 20, 1987, with seven member cities of the Authority.

“Debt Service Fund” The Brazosport Water Authority Water Supply System Refunding Bonds Debt Service Fund created and established in Section 7.01 of this Resolution.

“DTC” The Depository Trust Company of New York, New York, or any successor securities depository.

“DTC Participant” Brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions.

“Fiscal Year” The twelve-month fiscal year period of the Authority, which is currently the twelve-month period beginning October 1st but which may be changed from time to time.

“Funds” Those certain special Funds created under Section 7.01 of this Resolution.

“Initial Bond” The Initial Bond authorized by Article III of this Resolution.

“2014 Project” A 10 MG clearwell, maintenance building construction, electrical updates, yard piping, and a high service pump station.

“Interest Payment Date” The date on which interest on Bonds is due and payable and which shall be each [March 1 and September 1, commencing March 1, 2014], while any Bonds are Outstanding.

“MSRB” The Municipal Securities Rulemaking Board.

“Net Revenues” The Revenues of the System available after deducting the Operation and Maintenance Expenses from Revenues.

“Operation and Maintenance Expenses” All actual operation and maintenance expenses of the System incurred by the Authority in any particular Fiscal Year or period to which the term is applicable or charges made therefor during that Fiscal Year or period, but only if such charges are made in conformity with generally accepted accounting principles, including amounts reasonably required under generally accepted accounting principles to be set aside in reserves for items of Operation and Maintenance Expenses the payment of which is not then immediately required.

Operation and Maintenance Expenses include, but are not limited to, expenses for ordinary repairs, renewals and replacements of the System, salaries and wages, employees’ health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses, insurance expenses, legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting and technical services, taxes, payments in lieu of taxes and other governmental charges, payments on take-or-pay contracts and any other current expenses or obligations required to be paid by the Authority under the provisions of this Resolution or by law, all to the extent properly allocable to the System, and the fees and expenses of the Paying Agent/Registrar.

Operation and Maintenance Expenses do not include any items included in the Project Costs for any Project or depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, principal amortization or interest expense, costs or charges made for capital additions, replacements, betterments, extensions or improvements to or retirements from the System which under generally accepted accounting principles are not properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System or such property items, including taxes, which are capitalized pursuant to the then existing accounting practice of the Authority.

“Outstanding” With respect to any Parity Bonds as of the date of determination, all Bonds theretofore issued and delivered except:

(1) Bonds theretofore cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) Bonds for whose payment money in the necessary amount has been theretofore deposited with the Paying Agent/Registrar for the benefit of the Owners of such Bonds;

(3) Bonds in exchange for or in lieu of which other Bonds have been registered and delivered pursuant to this Resolution;

(4) Bonds alleged to have been mutilated, destroyed, lost, or stolen which have been paid; or

(5) Bonds for the payment of the principal of and interest on which money or government securities or both are held in the manner and with the effect specified in Article Ten.

“Outstanding Parity Bonds” The Water Supply System Revenue Refunding Bonds, Series 2013.

“Parity Bonds” The Outstanding Parity Bonds, the Bonds and each series of Additional Parity Bonds previously or from time to time hereafter issued, but only to the extent such Parity Bonds remain outstanding within the meaning of this Resolution.

“Participating Customers” The Cities of Angleton, Brazoria, Clute, Freeport, Lake Jackson and Richwood, and the Village of Oyster Creek, their successors or assigns so long as such entities are parties to Water Supply Contracts and any other Participating Customers hereafter designated by the Authority pursuant to Section 3.4 of the Water Supply Contracts.

“Paying Agent/Registrar” The bank of payment, or its successor, which is authorized to pay the principal of, interest on and any redemption price of the Parity Bonds to the Owners on behalf of the Authority and to maintain the Bond Register.

“Person” Any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, government or any agency or political subdivision thereof, or any other entity, however organized.

“Project” Any real or personal properties or facilities for the treatment, conveyance, storage or distribution of raw or treated water acquired or purchased by the Authority which constitutes a part of the System, and shall include any related to real or personal property or facilities or any interest therein, including the acquisition of water rights, and any related environmental facilities or facilities for conservation, safety and administration.

“Project Costs” All construction costs and reconstruction costs as those terms are generally understood in standard accounting practice as applied to water supply projects of the nature of the 2014 Project, and without limiting the generality of the foregoing, the term shall include the purchase of equipment, property, and rights in property, the costs of land, easements, and rights-of-way, including damages to land and property, all engineering, financing, financial consultants, administrative, auditing and legal expenses incurred in connection with the acquisition and construction of the 2014 Project, the costs of any and all equipment required for the operation and maintenance thereof, start-up costs for initial operation of the Project, and fiscal, legal and other expenses incurred by the Authority in issuing the Bonds.

“Rate Stabilization Fund” The Brazosport Water Authority Rate Stabilization Fund created and established in Section 7.01 of this Resolution.

“Record Date” The term “Record Date” for the interest payable on any Interest Payment Date shall mean the 15th day (whether or not a Business Day) of the calendar month next preceding such Interest Payment Date.

“Registered Owner or Owner” The Person in whose name any Bond is registered in the Bond Register.

“Renewal and Replacement Fund” The Brazosport Water Authority Renewal and Replacement Fund created and established in Section 7.01 of this Resolution.

“Reserve Fund” The Brazosport Water Authority Water Supply System Reserve Fund created and established in Section 7.01 of this Resolution.

“Reserve Requirement” The lesser of (i) 10% of the “issue price” of the Parity Bonds, (ii) 1.25 times the average Annual Principal and Interest Requirements of the Parity Bonds, or (iii) the maximum Annual Principal and Interest Requirements of the Parity Bonds.

“Resolution” This bond resolution and all amendments thereof and supplements thereto.

“Revenue Fund” The Brazosport Water Authority Water Supply System Revenue Fund created and established in Section 7.01 of this Resolution.

“Revenues” All revenues, income, receipts, proceeds and other moneys received by or on behalf of the Authority from or in connection with its ownership, leasing or operation of the System, including all interest or other income derived from the investment of moneys held pursuant to this Resolution and paid or required to be paid into the Revenue Fund, all amounts transferred from the Rate Stabilization Fund to the Revenue Fund, and all revenues received from Participating Customers and other customers of the Authority’s System, all as determined in accordance with generally accepted accounting principles, but, notwithstanding the aforesaid, excluding (i) contractual payments or revenues received as debt service or capital cost components and pledged by the Authority for the security or payment of any series of Special Project Bonds, (ii) the proceeds of any bonds issued or other authorized borrowings by the Authority and income therefrom unless otherwise provided therein with respect to the income; (iii) insurance proceeds other than loss of use or business interruption insurance proceeds; (iv) sales and other taxes collected by the Authority on behalf of the State or any other taxing entity; (v) any amounts deposited or deposited with respect to any program or plan relating to benefits for employees of the Authority and any interest or other investment income derived from such amounts; (vi) deposits subject to refund until the deposits have become the property of the Authority, (vii) any income, fees, charges, receipts, profits or other moneys derived by the Authority from its ownership or operation of any separate utility system of the nature referred to in the last sentence of the definition of System, or (viii) any gifts, grants, donations or other moneys received by the Authority from any state or federal agency or other person if the gifts, grants, donations or other moneys are the subject of any limitation or reservation (a) imposed by the donor or grantor or (b) imposed by law or administrative regulation to which the donor or grantor is subject, limiting the application of such funds in a manner inconsistent with the application of Revenues provided for in this Resolution, and any such grants, donations or other moneys shall be held and applied in the manner required by such limitation or reservation.

“Special Payment Date” The term “Special Payment Date” shall mean the scheduled payment date of any past due interest, which shall occur fifteen (15) days after the Special Record Date.

“Special Project Bonds” The term “Special Project Bonds” is defined in Section 16.03.

“Special Record Date” In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment will be established by the Paying Agent/Registrar.

“Stated Maturity” With respect to any Bond or any installment of interest thereon, means the date specified in such Bond as the fixed date on which the principal of such Bond or an installment of interest thereon is due and payable as set forth in this Resolution and such Bond.

“System” The existing water treatment, conveyance, storage and distribution facilities of the Authority, and, any subsequent Projects, and all other properties and assets, real, personal, tangible and intangible, of the Authority, now or hereafter existing and used or useful for or pertaining to the supply (or any combination of the foregoing) of water and shall include general plant and administrative facilities of the Authority and all interest of the Authority in the water treatment, storage, conveyance and distribution facilities and administrative facilities of the Authority, together with all additions, betterments, extensions and improvements of the Authority’s water treatment and supply system or any part thereof hereafter made, together with all lands, easements and rights-of-way of the Authority and all other works, property or structures of the Authority and contract rights, water rights, permits and other tangible and intangible assets of the Authority in connection with or related to the Authority’s water supply and distribution system, including the agreement between the Authority and Dow Chemical U.S.A., dated as of the first day of January, 1987, as amended from time to time, and any other agreement with a supplier of raw water, raw water storage capacity, or raw water pumping and conveyancing. System shall not include any project, properties or facilities, or any interest therein, which the Authority shall hereafter acquire and which the Authority shall designate as a special project and not a part of the System in connection with the issuance of Special Project Bonds.

“Underwriter” _____.

“Water Supply Contracts” The Water Supply Contracts, dated February 20, 1987, entered into by and between the Authority and each Participating Customer, as amended from time to time, and any other water supply contract between the Authority and a Participating Customer as defined in Section 3.4 of the Water Supply Contracts.

SECTION 2.02 INTERPRETATIONS. The titles and headings of the articles and sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof. This Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the validity of the Bonds and the validity of the pledge of Net Revenues in payment thereof.

ARTICLE III
AUTHORIZATION, DESCRIPTION AND EXECUTION OF BONDS

SECTION 3.01 AMOUNT, NAME, PURPOSE AND AUTHORIZATION. The bonds of the Authority to be known and designated as Brazosport Water Authority Water Supply System Revenue Bonds, Series 2014, shall be issued in the aggregate principal amount of [\$59,000,000] for the purposes of (i) providing funds to construct or otherwise acquire properties, water rights, works and facilities to transport, treat and purify, distribute, sell and deliver treated surface water to the Authority's customers, including the 2014 Project; and (ii) paying expenses in connection with the issuance of the Bonds, as authorized by the Constitution and laws of the State of Texas, including in particular the Act; and (iii) to pay interest during construction.

SECTION 3.02 FORM, ISSUE DATE, AND DENOMINATIONS. The Bonds shall be serial bonds, issued and delivered in fully registered form without coupons in denominations of \$5,000 or any integral multiple thereof. The Bonds shall be dated _____ 1, 2014.

SECTION 3.03 INTEREST RATES, NUMBERS AND MATURITIES. The Bonds shall be initially issued bearing the numbers, in the principal amounts and bearing interest at the rates set forth in the following schedule, and may be transferred and exchanged as set out in this Resolution. The Bonds shall mature on [September 1] in each of the years and in the amounts set out in such schedule. Any Bonds delivered on transfer of or in exchange for other Bonds shall be numbered (with appropriate prefix) in order of their authentication by the Paying Agent/Registrar, shall be in the denomination of \$5,000 or integral multiples thereof and shall mature on the same date and bear interest at the same rate as the Bond or Bonds in lieu of which they are delivered.

<u>Bond Number</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
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SECTION 3.04 SALE; BOND PURCHASE AGREEMENT. The Bonds shall be sold and delivered to the Underwriters at a price of [\$ _____] in the Bond Purchase Agreement to be approved by the President or the Secretary of the Board of Directors. The President or Secretary of the Board of Directors is hereby authorized and directed to execute the Bond Purchase Agreement on behalf of the Authority, and the President or Secretary of the Board of Directors and all other officers, agents and representatives of the Authority are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

SECTION 3.05 RESERVED

SECTION 3.06 INTEREST PAYMENT DATES AND MANNER OF PAYMENT.

(a) Interest on the Bonds shall accrue from _____, 2014, [the dated date of the Bonds], and shall be payable on each [March 1 and September 1] until maturity or prior redemption, with the first interest payment on [_____], 2014. The amount of interest on the Bonds payable on each Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-daymonths.

(b) The interest which is payable on any Bond on any Interest Payment Date shall be paid to the Person in whose name that Bond is registered at the close of business on the Record Date for such interest. All payments of interest on the Bonds shall be paid by check or draft mailed by the Paying Agent/Registrar to the Registered Owner, first-class postage prepaid, at the address of such Registered Owner as it appears in the Bond Register. Each Bond delivered under this Resolution upon transfer or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond, and each such Bond shall bear interest (as specified in this Section) so neither gain nor loss in interest shall result from such transfer, exchange or substitution.

SECTION 3.07 PAYMENT OF PRINCIPAL. The principal of each of the Bonds shall be payable without exchange or collection charges to the Owners at the maturity or prior redemption thereof in any coin or currency of the United States of America which on the respective dates of payment is legal tender for the payment of debts due the United States of America, upon the presentation and surrender of each such Bond for cancellation at the principal payment office of the Paying Agent/Registrar.

SECTION 3.08 SPECIAL PAYMENT DATE. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, 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 Authority. Notice of the Special Record Date and of the Special Payment Date shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered holder of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 3.09 EXECUTION OF PARITY BONDS. The Bonds shall be signed by the President of the Board of Directors and attested by the Secretary, by their manual or facsimile signatures. Any such facsimile signatures shall have the same effect as if each of the Bonds had been signed manually and in person by each of said officers. If any officer of the Authority whose facsimile signature appears on the Bonds shall cease to be such officer before the registration of such Bonds or before the delivery of such Bonds, such facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office. Minor typographical and other minor errors in the text of any Bond or minor defects in the facsimile signature of any Bond shall not affect the validity or enforceability of such Bond, if same has been duly registered by the Paying Agent/Registrar.

SECTION 3.10 REGISTRATION AND EXCHANGE OF INITIAL BOND.

(a) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Resolution unless and until there appears thereon the Registrar's Authentication Certificate substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Registrar. In lieu of the executed Registrar's Authentication Certificate described above, the Initial Bond shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller, or by her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Authority, and has been registered by the Comptroller.

(b) On the Closing Date, the Initial Bond, being a single bond representing the entire principal amount of the Bonds, payable in stated installments to the Underwriter or its designee, executed by manual or facsimile signature of the President and Secretary of the Authority, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, shall be delivered to the Underwriter or its designee. Upon payment for the Initial Bond, the Registrar shall cancel the Initial Bond and deliver definitive bonds to DTC.

SECTION 3.11 REGISTRATION, TRANSFER AND EXCHANGE OF BONDS.

The Paying Agent/Registrar shall keep at its principal payment office in [Dallas, Texas,] a register ("Bond Register") in which, subject to such reasonable regulations as it may prescribe, it shall provide for the exchange of Bonds in accordance with the terms of this Resolution. At any time after the date of initial delivery, any Bond may be transferred or exchanged upon its presentment and surrender at the principal corporate trust office of the Paying Agent/Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the Registered Owner or the Registered Owner's authorized representative. Mutilated, lost, destroyed or wrongfully taken Bonds to be replaced must be presented to the Paying Agent/Registrar in accordance with Section 3.12 of this Resolution. The Paying Agent/Registrar shall register and deliver new Bonds, in accordance with the provisions of this Section, within three Business Days after receipt, in proper form, of the request to transfer, exchange or replace the Bonds. No service charge shall be made for any exchange, but the Registered Owner may be required to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the exchange of such Bond.

All Bonds duly registered and delivered in accordance with this Section shall be in denominations of \$5,000 or any multiple thereof, and shall have the same maturity date and interest rate and a like aggregate principal amount to the Bond being transferred or exchanged. Each such Bond shall be entitled to the benefits and security of this Resolution to the same extent as the Bond or Bonds in lieu of which such Bond is delivered. No Bond will be valid or obligatory unless there appears on such Bond a certificate of registration substantially in the form provided in Section 5.02(c) manually executed by an authorized representative of the Paying Agent/Registrar; such certificate shall be conclusive evidence that such Bond has been duly registered and delivered.

SECTION 3.12 MUTILATED, LOST, DESTROYED OR WRONGFULLY TAKEN BONDS. Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, or in the event that any Bond is lost, apparently destroyed or wrongfully taken, the Authority, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authorize the Paying Agent/Registrar to register, authenticate and deliver to the Registered Owner a Parity Bond in accordance with Section 3.11 of this Resolution, provided that the Registered Owner shall have:

(a) furnished to the Paying Agent/Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;

(b) furnished such security or indemnity as may be required by the Paying Agent/Registrar and the Authority;

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

(d) met any other reasonable requirements of the Authority and the Paying Agent/Registrar.

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

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

SECTION 3.13 CANCELLATION OF BONDS. All Bonds paid or prepaid in accordance with this or any subsequent Resolution, and all Bonds for which new Bonds are issued pursuant to the terms of this Resolution, shall be cancelled and destroyed by the Paying Agent/Registrar. The Paying Agent/Registrar shall furnish a certificate of their destruction to the Authority.

SECTION 3.14 PAYING AGENT/REGISTRAR MAY OWN BONDS. The Paying Agent/Registrar, in its individual or any other capacity, may become the Owner or pledgee of the Bonds with the same rights it would have if it were not Paying Agent/Registrar.

SECTION 3.15 SUCCESSOR PAYING AGENT/REGISTRAR. The Authority covenants that at all times while any Bonds are outstanding it will provide a national or state banking association or trust company organized and doing business under the laws of the United States or any State, to act as Paying Agent/Registrar for the Bonds. The Authority reserves the right to change the Paying Agent/Registrar for the Bonds on not less than 60 days written notice

to the Paying Agent/Registrar, so long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Bonds. Promptly upon the appointment of any successor Paying Agent/Registrar, the previous Paying Agent/Registrar shall deliver the Register or a copy thereof to the new Paying Agent/Registrar, and the new Paying Agent/Registrar shall notify each Owner, by United States mail, first class postage prepaid, of any change and of the address of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

Notwithstanding any other provision of this Resolution, no removal, resignation or termination of the Paying Agent/Registrar shall take effect until a successor has been appointed.

SECTION 3.16 OWNERSHIP OF BONDS. The Authority, the Paying Agent/Registrar and any other Person may treat the Person in whose name any Bond is registered on the Bond Register as the absolute Owner of such Bond for the purpose of making and receiving payment of the principal thereof and interest thereon and for all other purposes, whether or not such Bond is overdue, and neither the Authority nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to any Registered Owner in accordance with this Resolution shall be valid and effective and shall discharge the liability of the Authority and the Paying Agent/Registrar to the extent of the sums paid.

SECTION 3.17 NOTICES TO OWNERS: WAIVER. Wherever this Resolution provides for notice to Owners of Bonds of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, to each Owner of such Bonds, at the address of such Owner as it appears in the Bond Register. In any case where notice to Owners of Bonds is given by mail, neither the failure to mail such notice to any particular Owner of Bonds, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Bonds. Where this Resolution provides for notice in any manner, such notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Owners 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 3.18 BOOK-ENTRY SYSTEM.

(a) The Initial Bond shall be registered in the name of [_____] except as provided in Section 3.17 hereof, all other Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Authority and the Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such DTC Participant holds an interest in the Bonds, except as provided in this Resolution. Without limiting the immediately preceding sentence, the Authority and the Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person,

other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Resolution to the contrary, the Authority and the Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of and interest on the Bonds, for the purpose of giving 'notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Resolution, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Authority's obligations with respect to payments of principal, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the Register, shall receive a Bond certificate evidencing the obligation of the Authority to make payments of amounts due pursuant to this Resolution. Upon delivery by DTC to the Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions of this Resolution with respect to interest checks being mailed to the Owner of record as of the Record Date, the phrase "Cede & Co." in this Resolution shall refer to such new nominee of DTC.

SECTION 3.19 SUCCESSOR SECURITIES DEPOSITORY: TRANSFER OUTSIDE BOOK-ENTRY ONLY SYSTEM. In the event that the Authority in its sole discretion, determines that the beneficial owners of the Bonds should be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the Authority shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall not longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Resolution.

SECTION 3.20 PAYMENTS TO CEDE & CO. Notwithstanding any other provision of this Resolution to the contrary, so long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Bonds, and all notices with respect to such Bonds, shall be made and given, respectively, in the manner provided in the Blanket Issuer Letter of Representations.

ARTICLE IV
REDEMPTION OF BONDS BEFORE MATURITY

SECTION 4.01 **REDEMPTION**. The Bonds are subject to optional and/or mandatory redemption as set forth in the Form of Bonds and in the Officer's Pricing Certificate.

Notice of any redemption identifying the Bonds to be redeemed in whole or in part shall be given by the Registrar at least thirty days prior to the date fixed for redemption by sending written notice by first class mail to the Owner of each Bond to be redeemed in whole or in part at the address shown on the Register. Such notices shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds of a particular maturity are to be redeemed, the numbers of the Bonds or portions thereof of such maturity to be redeemed. Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part and due provision has been made to redeem same as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of receiving payment solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

ARTICLE V
FORM OF BONDS

SECTION 5.01 **FORMS**. The form of the Bonds, including the form of Registration Certificate of the Comptroller, which shall be attached or affixed to the Bonds initially issued, the form of the Registrar's Authentication Certificate, the form of Assignment, and the form of Statement of Insurance, shall be, respectively, substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Resolution.

(a) **Form of Bond**.

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF BRAZORIA

REGISTERED NUMBER

REGISTERED DENOMINATION
\$ _____

BRAZOSPORT WATER AUTHORITY
WATER SUPPLY SYSTEM REVENUE BOND
SERIES 2014

INTEREST RATE: MATURITY DATE: ISSUE DATE: CUSIP:

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

Brazosport Water Authority, a conservation and reclamation district, a body politic and corporate, and a governmental agency of the State of Texas created under the Constitution and laws of the State of Texas, situated in Brazoria County, Texas (the "Authority") for value received, promises to pay, but solely from certain revenues as herein provided, to the Registered Owner identified above or registered assigns, on the Maturity Date specified above, upon presentation and surrender of this Bond at the principal payment office of The Bank of New York Mellon Trust Company, N.A., in Dallas, Texas (the "Paying Agent/Registrar"), the principal amount identified above, in any coin or currency of the United States of America which on the date of payment is legal tender for the payment of debts due the United States of America, and to pay, solely from such revenues, interest thereon at the rate shown above, calculated on the basis of a 360 day year of twelve 30 day months, from the later of [_____, 2014], or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this bond is payable by check or draft on [_____], 2014, and each [March 1 and September 1] thereafter until maturity or earlier redemption, mailed to the registered owner of record as of the fifteenth day of the month prior to each interest payment date (the "Record Date") as shown on the books of registration kept by the Paying Agent/Registrar.

THIS BOND IS ONE OF A DULY AUTHORIZED ISSUE OF BONDS, aggregating [\$59,000,000] (the "Bonds") issued for the purposes of providing funds to (i) construct or otherwise acquire properties, water rights, works and facilities to transport, treat and purify, distribute, sell and deliver treated surface water to the Authority's customers, including the construction of a 10MG clear well, maintenance building, electrical updates, yard piping, and a high service pump station and (ii) pay costs of issuance of the Bonds, all as authorized by the Constitution and laws of the State of Texas, , and pursuant to the resolution of the Board of Directors of the Authority approved on [_____, 2014] (the "Resolution"). Each Bond of this series is in all respects on a parity with and of equal dignity with every other Bond of this series. Reference is made to the Resolution for a full statement of the rights, duties and obligations of the Authority and the rights of the Owners of the Bonds, to all the provisions of which the Owner hereof, by the acceptance of this Bond, assents. The Resolution contains provisions permitting the Authority to issue additional bonds on a parity with the Bonds of this series, subject to the conditions contained in the Resolution. The Resolution also permits the Authority to amend the Resolution, or any resolution supplemental thereto, and thereby alter the rights and obligations of the Authority and of the Owners of the Bonds under certain conditions. Reference is made to the Resolution for complete details concerning amendment of the Resolution and the manner and procedure therefor.

THIS BOND, AND THE OTHER BONDS OF THE SERIES OF WHICH IT IS A PART, are payable as to principal and interest solely from, and secured by a lien on the Net Revenues (as defined in the Resolution) of the Authority's water supply system.

THE AUTHORITY EXPRESSLY RESERVES THE RIGHT to issue additional bonds and refunding bonds which will be on a parity with and of equal dignity in all respects with the Bonds of this issue, but such bonds may be issued only pursuant to and subject to the restrictions, terms and limitations contained in the Resolution, to which reference is hereby made for complete details. The Authority also reserves the right to issue subordinate lien bonds and to

issue special project bonds payable from certain revenues received from the use, ownership, operation or lease of the properties, works and facilities constructed or otherwise acquired with the proceeds of special project bonds, but which shall not be payable from the Net Revenues pledged to the payment of the series of which this Bond is a part. Reference is made to the Resolution for a full statement of the reserved right to issue special project bonds.

THIS BOND, AND THE OTHER BONDS OF THE SERIES OF WHICH IT IS A PART shall not be deemed to be a debt of the Authority or a pledge of its faith and credit, but shall be payable, as to both principal and interest, solely from, and secured solely by a pledge of and lien on the Net Revenues of the Authority's System (as defined in the Resolution). The Owner hereof shall never have the right to demand payment of this Bond from any revenues, receipts or assets of the Authority except the Net Revenues. The Authority has no taxing power.

THIS BOND MAY BE TRANSFERRED OR EXCHANGED upon presentation and surrender (or by due execution of the provisions for assignment hereon) at the principal payment office of the Paying Agent/Registrar, in Dallas, Texas, subject to the terms and conditions of the Resolution. Upon any such transfer, assignment or exchange, the Paying Agent/Registrar shall register and deliver one or more exchange bonds, for a like aggregate principal amount in integral multiples of \$5,000.

IT IS HEREBY CERTIFIED, RECITED, AND REPRESENTED that the issuance of this Bond and the series of Bonds of which it is a part is duly authorized by law; that all acts, conditions and things required to exist and to be done precedent to and in the issuance of this Bond and said issue of Bonds to render the same lawful and valid have been properly done and performed and have happened in regular and due time, form and manner as required by law; and that the principal of and interest on this Bond and the series of Bonds of which it is a part, are payable from and secured by a lien on and pledge of the Net Revenues of the Authority's System; and that the issuance of this series of Bonds does not exceed any Constitutional or statutory limitation.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Resolution unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Paying Agent/Registrar by due execution of the authentication certificate endorsed hereon.

IN WITNESS WHEREOF, the Authority has caused this Bond to be executed by the manual or facsimile signatures of the President and Secretary of the Board of Directors of the Authority

(AUTHENTICATION
CERTIFICATE)

BRAZOSPORT WATER AUTHORITY

President

Secretary

(b) Form of Registration Certificate.

COMPROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

WITNESS MY SIGNATURE AND SEAL this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(c) Form of Authentication Certificate.

AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been delivered pursuant to the Bond Resolution described in the text of this Bond.

The Bank of New York Mellon Trust Company, N.A.
As Paying Agent/Registrar

By: _____
Authorized Signature
Date of Authentication _____

(d) Form of Assignment.

ASSIGNMENT

For value received, the undersigned hereby sells, assigns, and transfers unto _____

(Please print or type name, address, and zip code of Transferee)

(Please insert Social Security or Taxpayer Identification Number of Transferee)
the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints

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

DATED: _____

Registered Owner

Signature Guaranteed:

NOTICE: The signature above must
Correspond to the name of the registered
Owner as shown on the face of this Bond in
every particular, without any alteration,
enlargement or change whatsoever.

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

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (c) of this
Section, except for the following alterations:

(i) immediately under the name of the Current Interest Bond, the headings
“INTEREST RATE” and “MATURITY DATE” shall both be completed with the words
“As Shown Below” and the word “CUSIP” deleted;

(ii) in the first paragraph of the Current Interest Bond, the words “on the
maturity date specified above” and “at the rate shown above” shall be deleted and the
following shall be inserted at the end of the first sentence “..., with such principal to be
paid in installments on the dates, in each of the years and in the principal amounts
identified in the following schedule and with such installments bearing interest at the per
annum rates set forth in the following schedule:”

(iii) the initial bond shall be numbered ICI-1.

SECTION 5.02 CUSIP NUMBERS. CUSIP numbers may be printed on the Bonds,
but errors or omissions in the printing of such numbers shall have no effect in the validity of the
Bonds.

ARTICLE VI
SECURITY FOR THE PARITY BONDS

SECTION 6.01 PLEDGE. The Authority hereby irrevocably pledges the Net Revenues to the payment of the principal of, premium, if any, and interest on the Parity Bonds, which pledge shall constitute a first lien on the Net Revenues hereby pledged. Such pledge shall be immediately effective without any further act, and such lien shall be valid and binding as against all parties of any kind having a claim of any kind in tort, contract or otherwise against the Authority, without regard to whether those parties have notice thereof. All moneys in the Funds created by this Resolution are pledged to the purposes provided for such Funds.

SECTION 6.02 SECURITY FOR THE PARITY BONDS. The Parity Bonds shall be payable both as to principal and interest solely from, and shall be equally and ratably secured by a first lien on and pledge of, the Net Revenues. The Owners of the Parity Bonds shall never have the right to demand payment from any revenues, receipts or assets of the Authority except those pledged hereunder to the payment of the Parity Bonds.

SECTION 6.03 RATES AND CHARGES. The Authority will, at all times while any of the Parity Bonds are Outstanding, establish, fix, prescribe and collect rates and charges for the sale or use of water or related services produced, transmitted, distributed or furnished by the System which are reasonably expected to yield income sufficient to satisfy each of the following requirements, whether or not the water furnished by the System is suspended, interrupted or reduced:

(a) Net Revenues for each Fiscal Year shall be equal to at least [1x or 1.05x] the principal of, premium, if any and interest on the Bonds payable during such Fiscal Year;

(b) Net Revenues shall be sufficient to make all deposits required by the terms of this Resolution, to be made into the Funds and Accounts held under this Resolution and not otherwise provided for;

(c) Revenues and other amounts available for such purpose shall be sufficient to pay (i) all Operation and Maintenance Expenses and all taxes, assessments or other governmental charges lawfully imposed on the System or the Revenues therefrom, or payments in lieu thereof, payable by the Authority, (ii) the costs to the Authority of the prevention or correction of any unusual loss or damage and of major repairs, renewals and replacements and of capital additions, betterments, improvements and extensions less than part, if any, of such costs as is provided for by insurance or by amounts available therefor from the sale of Bonds issued in accordance with this Resolution, and (iii) all other charges or obligations against the Revenues of whatever nature and whether now or hereafter imposed by this Resolution or by law or contract which the Authority expects to pay from Revenues; and

(d) all other charges or obligations against the Revenues of whatever nature and whether now or hereafter imposed by this Resolution or by law or contract which the Authority expects to pay from Revenues.

Promptly upon any material change in the circumstances which were contemplated at the time the rates and charges were most recently reviewed, but not less frequently than once in each

Fiscal Year, the Authority shall review the rates and charges for water and related services and shall promptly revise the rates and charges as necessary to comply with the foregoing requirement so that the rates and charges shall produce moneys sufficient to enable the Authority to comply with all its covenants under this Resolution. The Authority further covenants that its rates, charges and income shall in any event produce Revenues sufficient to enable the Authority to comply with all of its covenants under this Resolution and to pay all obligations of the System, and will segregate and apply such Revenues or cause the same to be segregated and applied as provided in this Resolution.

ARTICLE VII
REVENUES AND APPLICATION THEREOF

SECTION 7.01 FUNDS AND ACCOUNTS. The Authority has created but hereby confirms the following special Funds and Accounts of the Authority which shall be maintained in an authorized depository of the Authority (except that the Debt Service Fund shall be maintained by the Paying Agent/Registrar) so long as any Bonds remain Outstanding.

(a) Brazosport Water Authority Water Supply System Revenue Fund, hereinafter called the "Revenue Fund" which shall contain an "Operating Reserve Account";

(b) Brazosport Water Authority Water Supply System Debt Service Fund, hereinafter called the "Debt Service Fund";

(c) Brazosport Water Authority Water Supply System Reserve Fund, hereinafter called the "Reserve Fund";

(d) Brazosport Water Authority Water Supply System Revenue Bonds Construction Fund, hereinafter called the "Construction Fund" which shall contain a "2014 Project Account" and such other Project Accounts from time to time as the Authority may establish; and

(e) Brazosport Water Authority Water Supply System Renewal and Replacement Fund, hereafter called the "Renewal and Replacement Fund"; and

(f) Brazosport Water Authority Water Supply System Rate Stabilization Fund (the "Rate Stabilization Fund").

The Authority may establish additional accounts within such Funds from time to time.

SECTION 7.02 REVENUE FUND.

(a) All Revenues shall be deposited into the Revenue Fund as received, and the Operation and Maintenance Expenses of the System shall be paid from the Revenue Fund. After paying or providing for the payment of the Operation and Maintenance Expenses, money shall be transferred from the Revenue Fund into the other Funds described in this Article Seven, in the manner and amounts hereinafter provided, and each of such Funds shall have priority as to such deposits, in the order in which they are treated in the following Sections 7.03 through 7.07.

(b) Monies in the Operating Reserve Account shall be used to pay extraordinary operating expenses of the Authority as determined from time to time by the Board of Directors and shall be replenished to the extent required for financially prudent operation as determined from time to time by the Board of Directors.

SECTION 7.03 DEBT SERVICE FUND. On or before the last Business Day of the first full calendar month after the date of delivery of the Bonds to the Underwriter and on the last Business Day of each calendar month thereafter so long as any Parity Bonds remain Outstanding, the Authority shall deposit from the Revenue Fund to the Debt Service Fund:

(a) such amounts, in equal monthly installments, as will be sufficient to pay the interest scheduled to come due on the Parity Bonds on the next Interest Payment Date and the Paying Agent/Registrar's fees related thereto through that date;

(b) such amounts, in equal monthly installments, as will be sufficient to pay the next maturing principal of the Parity Bonds; and

(c) such amounts, in equal monthly installments, as will be sufficient to pay the redemption price of the next scheduled mandatory redemption of Term Bonds.

Money on deposit in the Debt Service Fund shall be used exclusively for the purpose of paying the Paying Agent/Registrar's fees and the interest on, premium, if any, and principal of the Parity Bonds (or redemption price) as the same become due and payable.

SECTION 7.04 RESERVE FUND. Beginning on or before the last Business Day of the month next following the commencement of operation of the 2014 Project (or beginning on the last Business Day of the month next following the third anniversary of the delivery of the Bonds to the Underwriter, whichever occurs first), after making all required transfers to the Debt Service Fund, there shall be deposited in the Reserve Fund from available Net Revenues in the Revenue Fund, an amount equal to 1/120th of the average Annual Principal and Interest Requirements on all Bonds then Outstanding. An equal amount shall be deposited into the Reserve Fund on or before the last Business Day of each month thereafter until such Fund shall contain an amount equal to the aggregate amount of the average Annual Principal and Interest Requirements on all Bonds calculated as of the date of issuance. No deposit shall be required to be made into the Reserve Fund as long as the Reserve Fund contains said aggregate amount, and an excess amount shall be transferred to the Revenue Fund. The Reserve Fund shall be used to pay the principal of, interest on or redemption price, if money available in the Debt Service Fund for such purpose, and shall be used finally to pay and retire the last of the Outstanding Bonds. In the event amounts on deposit in the Reserve Fund exceed the Reserve Requirement, such excess will be invested in accordance with Section 8.07(e) hereof.

The Authority expressly reserves the right at any time to satisfy all or any part of the Reserve Requirement by obtaining for the benefit of the Reserve Fund one or more Reserve Fund Surety Policies (as defined below). In the event the Authority elects to substitute at any time a Reserve Fund Surety Policy for any funded amounts in the Reserve Fund, it may apply any bond proceeds thereby released, to the greatest extent permitted by law, to any purposes for which the bonds were issued and any other funds thereby released to any purposes for which

such funds may lawfully be used, including the payment of debt service on the Parity Bonds. A Reserve Fund Surety Policy shall be an insurance policy or other credit agreement (as such term is defined by Section 1371.001, Government Code) in a principal amount equal to the portion of the Reserve Requirement to be satisfied and issued by a financial institution or insurance company with a rating for its long term unsecured debt or claims paying ability in the highest letter category by two major municipal securities evaluation sources. The premium for any such policy shall be paid from bond proceeds or other funds of the Authority lawfully available for such purpose. Any Reserve Fund Surety Policy shall be authorized by resolution and submitted to the Attorney General for examination and approval.

SECTION 7.05. CONSTRUCTION FUND. The money deposited in the Construction Fund, including all money therein and all investments thereof, shall be applied solely as provided in this Section. The Construction Fund shall contain the 2014 Project Account and a "Costs of Issuance Account" and the Authority shall have the right to create subaccounts within the 2014 Project Account of the Construction Fund as is necessary and convenient for the administration of such Account.

SECTION 7.06 RATE STABILIZATION FUND. The Authority shall continue to hold \$500,000 in funds and investments in the Brazosport Water Authority Water Supply System Revenue and Refunding Bonds Rate Stabilization Fund. At the end of each Fiscal Year, all Net revenues in excess of those necessary to make the required deposits into the Debt Service Fund and the Reserve Fund shall be deposited into the Rate Stabilization Fund in an amount necessary to maintain a balance of \$500,000. If and whenever the balance in the Rate Stabilization Fund is reduced below such amount, the Authority shall make approximately equal monthly deposits into such Fund in amounts sufficient to restore such deficiency in 36 months. The Rate Stabilization Fund is not pledged to pay the principal of and interest on the Parity Bonds.

SECTION 7.07 RENEWAL AND REPLACEMENT FUND. At the end of each Fiscal Year the Authority shall transfer Net Revenues in excess of those required to be deposited into the Debt Service Fund, Reserve Fund, and Rate Stabilization Fund in amounts as may be directed by the Board of Directors into the Renewal and Replacement Fund. Money on deposit in the Renewal and Replacement Fund may be used to pay for equipment, repairs and construction of the System or for any lawful purpose. The Renewal and Replacement Fund is not pledged to pay the principal of and interest on the Parity Bonds.

SECTION 7.08 DEFICIENCIES IN FUNDS. If in any month there shall not be deposited into any Fund maintained pursuant to this Article the full amounts required herein, amounts equivalent to such deficiency shall be set apart and paid into such Fund or Funds from the first available and unallocated money in the Revenue Fund, and such payment shall be in addition to the amounts otherwise required to be paid into such Funds during the succeeding month or months. To the extent necessary, the rates and charges for the System shall be increased to make up for any such deficiencies.

SECTION 7.09 INVESTMENTS; SEPARATE ACCOUNTS. Money in each of the Funds described in Section 7.01 of this Resolution may, at the option of the Authority, be placed in Authorized Investments in such manner that the money required to be expended from any Fund will be available at the proper time or times. Any obligations in which money is so invested

shall be promptly sold and the proceeds of sale applied to the making of all payments required to be made from the Fund from which the investment was made. Investment earnings on the Debt Service Fund shall remain in the Debt Service Fund. Investment earnings in all other Funds shall be transferred to the Revenue Fund at the end of each Fiscal Year, or more frequently at the direction of the Board of Directors.

SECTION 7.10 EXCESS REVENUES. The Net Revenues of the System, in excess of those necessary to establish and maintain the Funds described above, or as hereafter may be required in connection with the issuance of Additional Bonds, may be used for any lawful purpose.

SECTION 7.11 SECURITY FOR FUNDS. All Funds described or created in this Resolution shall be secured in the manner and to the fullest extent permitted or required by Texas law, and such funds shall be used only for the purposes and in the manner permitted or required by this Resolution.

SECTION 7.12 APPLICATION OF CHAPTER 1208, GOVERNMENT CODE. Chapter 1208, Government Code, applies to the issuance of the Bonds and the pledge of the revenues granted by the Authority under Section 6.01 of this Resolution, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the revenues granted by the Authority under Section 6.01 of this Resolution is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Authority agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

ARTICLE VIII
PROVISIONS CONCERNING SALE AND
APPLICATION OF PROCEEDS OF BONDS

SECTION 8.01 SALE; BOND PURCHASE AGREEMENT. The Bonds are hereby sold and shall be delivered to the Underwriter at a price as set forth in the Bond Purchase Agreement plus accrued interest to the date of delivery, presented to and hereby approved by the Board of Directors, which price and terms are hereby found and determined to be the most advantageous reasonably obtainable by the Authority. The President and other appropriate officials of the Authority are hereby authorized and directed to execute the Bond Purchase Agreement on behalf of the Authority, and the President and all other officers, agents and representatives of the Authority are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

SECTION 8.02 COVENANTS TO MAINTAIN TAX-EXEMPT STATUS. The Authority intends that the interest on the Bonds shall be excludable from gross income of the owners thereof for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and all applicable temporary,

proposed and final regulations (the "Regulations") and procedures promulgated thereunder and applicable to the Bonds. For this purpose, the Authority covenants that it will monitor and control the receipt, investment, expenditure and use of all gross proceeds of the Bonds (including all property the acquisition, construction or improvement of which is to be financed directly or indirectly with the proceeds of the Bonds) and take or omit to take such other and further actions as may be required by Sections 103 and 141 through 150 of the Code and the Regulations to cause interest on the Bonds to be and remain excludable from the gross income, as defined in Section 61 of the Code, of the owners of the Bonds for federal income tax purposes. Without limiting the generality of the foregoing, unless and until the Authority shall have received an opinion of nationally recognized bond counsel 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 Authority shall comply with each of the following covenants:

(a) The Authority will use all of the proceeds of the Bonds to (i) provide funds for the purposes described in Section 2 hereof, which will be owned and operated by the Authority and (ii) to pay the costs of issuing the Bonds. The Authority will not use any portion of the proceeds of the Bonds to pay the principal of or interest or redemption premium on, any other obligation of the Authority or a related person.

(b) The Authority will not directly or indirectly take any action, or omit to take any action, which action or omission would cause the Bonds to constitute "private activity bonds" within the meaning of Section 141(a) of the Code. In particular, the Authority will limit the amount of proceeds of the Bonds to be used (other than use as a member of the general public) in the trade or business of any person other than a state or local governmental unit (including use of any property acquired, constructed or improved with such amount) to an amount aggregating no more than five percent of the proceeds of the Bonds. For purposes of this Section 22(b), the term "person" includes any individual, corporation, partnership, unincorporated association, or any other entity capable of carrying on a trade or business; and the term "trade or business" means, with respect to any natural person, any activity regularly carried on for profit and, with respect to persons other than natural persons, any activity other than an activity carried on by a State or local governmental unit.

(c) Principal of and interest on the Bonds will be paid solely from ad valorem taxes collected by the Authority, investment earnings on such collections, and as available, proceeds of the Bonds.

(d) Based upon all facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered, the Authority reasonably expects that the proceeds of the Bonds will not be used in a manner that would cause the Bonds or any portion thereof to be an "arbitrage bond" within the meaning of Section 148 of the Code, and one of the Pricing Officers shall so certify prior to the issuance of the Bonds. Moreover, the Authority covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be "arbitrage bonds" within the meaning of section 148(a) of the Code and the applicable Regulations thereunder.

(e) At all times while the Bonds are outstanding, the Authority will identify and properly account for all amounts constituting gross proceeds of the Bonds in accordance with the Regulations. The Authority will monitor the yield on the investments of the proceeds of the Bonds and, to the extent required by the Code and the Regulations, will restrict the yield on such investments to a yield which is not materially higher than the yield on the Bonds. To the extent necessary to prevent the Bonds from constituting "arbitrage bonds," the Authority will make such payments as are necessary to cause the yield on all yield restricted nonpurpose investments allocable to the Bonds to be less than the yield that is materially higher than the yield on the Bonds.

(f) The Authority will not take any action or knowingly omit to take any action that, if taken or omitted, would cause the Bonds to be treated as "federally guaranteed" obligations for purposes of Section 149(b) of the Code.

(g) The Authority represents that not more than fifty percent (50%) of the proceeds of the Bonds will be invested in nonpurpose investments (as defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the Authority reasonably expects that at least eighty-five percent (85%) of the spendable proceeds of the Bonds will be used to carry out the governmental purpose of the Bonds within the three-year period beginning on the date of issue of the Bonds.

(h) The Authority will take all necessary steps to comply with the requirement that certain amounts earned by the Authority on the investment of the gross proceeds of the Bonds, if any, be rebated to the federal government. Specifically, the Authority will (i) maintain records regarding the receipt, investment, and expenditure of the gross proceeds of the Bonds as may be required to calculate such excess arbitrage profits separately from records of amounts on deposit in the funds and accounts of the Authority allocable to other obligations of the Authority or moneys which do not represent gross proceeds of any obligations of the Authority and retain such records for at least six years after the day on which the last outstanding Bond is discharged, (ii) account for all gross proceeds under a reasonable, consistently applied method of accounting, not employed as an artifice or device to avoid in whole or in part, the requirements of Section 148 of the Code, including any specified method of accounting required by applicable Regulations to be used for all or a portion of any gross proceeds, (iii) calculate, at such times as are required by applicable Regulations, the amount of excess arbitrage profits, if any, earned from the investment of the gross proceeds of the Bonds and (iv) timely pay, as required by applicable Regulations, all amounts required to be rebated to the federal government. In addition, the Authority will exercise reasonable diligence to assure that no errors are made in the calculations required by the preceding sentence and, if such an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, interest thereon and any penalty.

(i) The Authority will not directly or indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than

would have resulted if such arrangement had been at arm's length and had the yield on the Bonds not been relevant to either party.

(j) The Authority will timely file or cause to be filed with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Bonds on such form and in such place as the Secretary may prescribe.

(k) The Authority will not issue or use the Bonds as part of an "abusive arbitrage device" (as defined in Section 1.148-10(a) of the Regulations). Without limiting the foregoing, the Bonds are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Regulations, by (i) enabling the Authority to exploit the difference between tax-exempt and taxable interest rates to gain a material financial advantage, or (ii) increasing the burden on the market for tax-exempt obligations.

(l) Proper officers of the Authority charged with the responsibility for issuing the Bonds are hereby directed to make, execute and deliver certifications as to facts, estimates or circumstances in existence as of the date of issuance of the Bonds and stating whether there are facts, estimates or circumstances that would materially change the Authority's expectations. On or after the date of issuance of the Bonds, the Authority will take such actions as are necessary and appropriate to assure the continuous accuracy of the representations contained in such certificates.

(m) The covenants and representations made or required by this Section are for the benefit of the Bond holders and any subsequent Bond holder, and may be relied upon by the Bond holders and any subsequent Bond holder and bond counsel to the Authority.

In complying with the foregoing covenants, the Authority may rely upon an unqualified opinion issued to the Authority by nationally recognized bond counsel that any action by the Authority or reliance upon any interpretation of the Code or Regulations contained in such opinion will not cause interest on the Bonds to be includable in gross income for federal income tax purposes under existing law.

Notwithstanding any other provision of this Order, the Authority's representations and obligations under the covenants and provisions of this Section shall survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion of interest on the Bonds from the gross income of the owners for federal income tax purposes.

SECTION 8.03 BOND PROCEEDS. Proceeds from the sale of the Bonds will be disbursed in accordance with this Article.

SECTION 8.04 INTEREST DURING CONSTRUCTION. It is affirmatively found that the period required to complete the System will be _____ months from the date of the delivery of the Bonds to the Underwriter. To provide for the payment of interest on the Bonds during the period of construction, there is hereby appropriated from the proceeds of sale of the Bonds an amount sufficient to pay the interest on the Bonds for such period of _____ months, which sum shall be deposited into the Debt Service Fund after the Bonds are sold and delivered.

SECTION 8.05 DEPOSITS TO CONSTRUCTION FUND. After making the deposit provided in Section 7.08, the remainder of the proceeds from the sale of the Bonds shall be deposited into the 2014 Project Account of the Construction Fund and shall be used solely for the purpose of the Bonds, including the payment of the Project Costs of the 2014 Project. Any other funds received by the Authority for the purpose of constructing and acquiring the 2014 Project shall be deposited into the 2014 Project Account and used for the purpose of constructing the 2014 Project.

SECTION 8.06 DISBURSEMENTS FROM CONSTRUCTION FUND. Disbursements from the Construction Fund shall be made by check, draft, or other voucher. All disbursements from the Construction Fund pursuant to construction contracts shall be accompanied by a certificate from the Consulting Engineer stating that the disbursements is pursuant to a claim for payment which has been approved by the Consulting Engineer. All payments under construction contracts shall be in accordance with the Texas Water Code.

SECTION 8.07 INVESTMENT OF THE CONSTRUCTION FUND. Until such time as it is needed to pay Project Costs, money in the Construction Fund may be invested and reinvested in Authorized Investments. All realized earnings from such investments shall become a part of the Construction Fund.

SECTION 8.08 SURPLUS CONSTRUCTION FUNDS. After completion of the 2014 Project and payment of the Project Costs, to the extent that there is money remaining in the Construction Fund, such money will be used pursuant to Section [8.09] and/or shall be transferred to the Debt Service Fund.

SECTION 8.09 [FINAL ACCOUNTING TO UNDERWRITER.]

ARTICLE IX
DEFAULT PROVISIONS

SECTION 9.01 REMEDIES IN EVENT OF DEFAULT. In addition to any other rights and remedies provided by the laws of the State of Texas, the Authority covenants and agrees that in the event of default in payment of principal or interest on any of the Bonds when due, or, in the event the Authority fails to make the payments required to be made into the Debt Service Fund or any other Fund or defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Resolution, the following remedies shall be available:

(a) the Owners shall be entitled to a writ of mandamus issued by a court of competent jurisdiction compelling and requiring the Authority and the officials thereof to observe and perform the covenants, obligations or conditions prescribed in this Resolution; and

(b) any delay or omission to exercise any right or power accruing upon any default shall not impair any such right or power nor be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient.

SECTION 9.02 RESOLUTION IS CONTRACT. In consideration of the purchase and acceptance of the Bonds authorized to be issued hereunder by the Owners, the provisions of this Resolution shall be deemed to be and shall constitute a contract between the Authority and the Owners; and the covenants and agreements herein set forth to be performed on behalf of the Authority shall be for the equal benefit, protection and security of the Owners. The Bonds, regardless of the time or times of their issue or maturity, shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided herein.

**ARTICLE X
DISCHARGE BY DEPOSIT**

SECTION 10.01 AUTHORITY. The Authority may discharge its obligation to the Owners of any or all of the Bonds to pay principal, interest and redemption premium (if any) thereon in any manner now or hereafter permitted by law.

**ARTICLE XI
AUTHORIZING SALE OF BONDS**

SECTION 11.01 APPROVAL AND REGISTRATION. The President of the Board of Directors of the Authority and the Authority's attorneys and financial advisors are hereby authorized to have control of the Bonds and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination and approval by the Attorney General of the State of Texas and their registration by the Comptroller of Public Accounts of the State of Texas and their registration by the Paying Agent/Registrar.

SECTION 11.02 DELIVERY. Delivery of the Bonds is hereby authorized in accordance with the terms and conditions of this Resolution upon receipt of the full purchase price therefor, and the President and Secretary of the Board of Directors and all other officers and agents of the Authority are hereby authorized to take all actions necessary to have the Bonds delivered to the Underwriter in accordance with the terms of this Resolution.

SECTION 11.03 RELATED MATTERS. To satisfy in a timely manner all of the Authority's obligations under this Resolution, the President or Vice President of the Board of Directors, and all other appropriate officers and agents of the Authority are hereby authorized and directed to take all other actions that are reasonably necessary to provide for the sale and delivery of the Bonds and the refunding of the Refunded Bonds, including, without limitation, executing and delivering on behalf of the Authority all certificates, consents, receipts, requests, and other documents as may be reasonably necessary to satisfy the Authority's obligations under the bond purchase agreement, this Resolution and to direct the application of funds of the Authority consistent with the provisions of this Resolution.

SECTION 11.04 OFFICIAL STATEMENT. The Board of Directors of the Authority hereby ratifies, authorizes and approves, in connection with the sale of the Bonds, the preparation and distribution of the Preliminary Official Statement dated _____, 2014, and an Official Statement, containing such information as may be necessary to conform to the terms of the Bonds, this Resolution, and the Bond Purchase Agreement for the Bonds.

ARTICLE XII
MAINTENANCE AND OPERATION: INSURANCE

SECTION 12.01 DUTY TO MAINTAIN AND INSURE. While any of the Parity Bonds are Outstanding, the Authority covenants and agrees to: (a) maintain the System in good condition and operate the same in an efficient manner and at reasonable expense; and (b) maintain insurance on the System for the benefit of the Owner or Owners of Parity Bonds, of a kind and in an amount which usually would be carried by public agencies engaged in a similar type of business.

SECTION 12.02 RECONSTRUCTION OF SYSTEM: APPLICATION OF INSURANCE OR CONDEMNATION PROCEEDS. If any useful portion of the System shall be damaged or destroyed, or taken by eminent domain, the Authority shall, as expeditiously as possible, continuously and diligently prosecute or cause to be prosecuted the reconstruction or replacement thereof, and the proceeds of any insurance or condemnation award paid on account of the damage, destruction or taking, other than business interruption loss insurance, shall be held by the Authority in a special account and made available for, and to the extent necessary applied to, the cost of the reconstruction or replacement, if any. Pending that application, the proceeds may be invested by the Authority in Authorized Investments which mature not later than such times as shall be necessary to provide moneys when needed to pay such cost of reconstruction or replacement. Notwithstanding the foregoing, the Authority shall not be required to effect any such reconstruction or replacement if the Authority obtains an engineer's certificate from the consulting engineer certifying that the reconstruction or replacement is not in the best interests of the Authority and the Owners of the Parity Bonds, in which event the proceeds of any insurance or condemnation award paid on account of the damage, destruction or taking, other than business interruption loss insurance, shall be paid (i) if the proceeds are not in excess of \$100,000, (A) into the Funds and Accounts as necessary to make up any deficiencies in required deposits in the Funds and Accounts, (B) into the Debt Service Fund and applied to the purchase or redemption of Parity Bonds, or (C) applied by the Authority for the purpose of constructing extensions, betterments or improvements to the System, as the Authority may determine.

SECTION 12.03 EXCESS PROCEEDS. Any insurance proceeds or condemnation award remaining after the completion of and payment for any such reconstruction or repair shall be deposited to the credit of the Funds created hereunder, to the extent necessary to cure any deficiencies in such Funds, and any excess over such deficiencies, if any, may be used for any lawful purpose.

ARTICLE XIII
ACCOUNTING

SECTION 13.01 ACCOUNTING AND FISCAL YEAR. The Authority shall keep proper books of records and accounts, separate and apart from all other records and accounts of the Authority, in which complete and correct entries shall be made of all transactions relating to the System, and shall have said books audited once each Fiscal Year by a Certified Public Accountant. The Authority agrees to operate and keep its books of records and accounts pertaining to the System on the basis of its current Fiscal Year; provided, however, that the

governing body of the Authority may change such Fiscal Year if such change is deemed necessary or appropriate.

SECTION 13.02 INSPECTION. Any Owner of any Parity Bond shall have the right at all reasonable times to inspect the Authority's System and all records, accounts, and data of the Authority relating thereto.

ARTICLE XIV
CONTINUING DISCLOSURE OF INFORMATION

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

(a) The Authority will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB and available via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data that is customarily prepared by the Authority of the general type included in the Official Statement authorized by Section 11 of this Resolution and [in APPENDIX B]. The Authority shall update such information within six months after the end of each fiscal year. Any financial statements so to be provided shall be (1) prepared in accordance with the Accounting Principles described in this Resolution and (2) audited, if the Authority commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the Authority shall provide unaudited financial statements for the applicable fiscal year by the required time, and audited financial statements when and if audited financial statements become available.

If the Authority 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 Authority 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 documents (i) available to the public on the MSRB's internet web site or (ii) filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

(b) The Authority shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner (not in excess of ten (10) days after the occurrence of the event), of any of the following events with respect to the Bonds:

(i) Principal and interest payment delinquencies;

- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the Authority;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the Authority or the sale of all or substantially all of the assets of the Authority, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

The Authority shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the Authority to provide financial information or operating data in accordance with this Section by the time required by such Section.

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

(c) The Authority shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the District remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the Authority in any event

will give the notice required by this Section of any Bond calls and defeasance that cause the Authority to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Registered Owners 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 Authority 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 Authority’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 Authority 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 AUTHORITY BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE AUTHORITY, 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 Authority in observing or performing its obligations under this Section shall constitute a breach of or default under the Resolution for purposes of any other provision of this Resolution.

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

(d) The provisions of this Section may be amended by the Authority from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Authority, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell the 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 Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the Authority (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners and beneficial owners of the Bonds. If the Authority so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section 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. The Authority may also amend or repeal the provisions of this

Section if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the Authority also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in any case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

ARTICLE XV
SPECIAL COVENANTS

SECTION 15.01 COVENANT NOT TO ENCUMBER. The Authority covenants that while any of the Parity Bonds are Outstanding, the Authority will not encumber the System other than in the ordinary course of business, without the prior consent of the Owners of a majority in aggregate principal amount of all Parity Bonds Outstanding, and that, with the exception of the Additional Parity Bonds expressly permitted to be issued by this Resolution, it will not encumber the Net Revenues of the System, unless such encumbrance is made junior and subordinate in all respects to the Parity Bonds and all liens and pledges in connection therewith.

SECTION 15.02 CHARGES FOR USE OF SYSTEM. None of the water or any other commodity, service or facility owned, controlled or supplied by the Authority shall be furnished or supplied free of charge to any person, firm or corporation, public or private, but on the contrary shall always be sold or furnished so as to produce Revenues. If the Authority shall sell water or other salable commodities developed or made available by or for the System, a reasonable charge therefor shall be made and the revenue received by the Authority therefrom shall be Revenues and accounted for as such.

SECTION 15.03 PUNCTUAL PAYMENT OF BONDS. The Authority will punctually pay or cause to be paid the principal and the interest to become due in respect of all Parity Bonds, in strict conformity with the terms of the Parity Bonds and of this Resolution.

SECTION 15.04 AGAINST SALE OR OTHER DISPOSITION OF PROPERTY. The Authority will not sell or otherwise dispose of any property necessary to the proper operation of the System or to the maintenance of the Revenues, except as follows:

(a) The Authority may sell or exchange at any time and from time to time for not less than fair value such property only if (i) it shall determine that such property is not useful in the operation of the System, or (ii) the proceeds of such sale are \$100,000 or less, or it shall obtain an engineer's certificate stating, in the opinion of the signer, that the fair value of the property exchanged is \$100,000 or less or (iii) if such proceeds or fair value exceeds \$100,000, it shall obtain such an engineer's certificate stating, in the opinion of the signer, that the sale or exchange of such property will not impair the ability of the Authority to comply during the current or any future year with the provisions of Section 6.03 hereof. The proceeds of any such sale or exchange not used to acquire other property necessary or desirable for the safe or efficient operation of the System shall forthwith be deposited in the Debt Service Fund; and

(b) The Authority may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, provided that any such lease, contract, license, arrangement, easement or right (i) does not impede the operation of the System, and (ii) does not in any manner impair or adversely affect the rights or security of the Owners under this Resolution; and provided, further, that if the depreciated cost of the property to be covered by any such lease, contract, license, arrangement, easement or other right is in excess of \$500,000, the Authority shall first obtain an engineer's certificate from an independent professional consulting engineer stating that the action of the Authority with respect thereto does not result in a breach of the conditions under this Section. Any payments received by the Authority under or in connection with any such lease, thereof shall constitute Revenues and shall be deposited forthwith into the Revenue Fund.

SECTION 15.05 OBSERVANCE OF LAWS AND REGULATIONS. The Authority will faithfully and punctually observe and perform all valid and lawful obligations, orders or regulations now or hereafter imposed on it by contract, or prescribed by law of the United States of America, the State of Texas or by any officer, board or commission having jurisdiction or control, as a condition to the continued enjoyment of any and every right, privilege or franchise now owned or hereafter acquired by the Authority, including its right to exist and carry on business, to the end that such rights, privileges and franchises shall be maintained and preserved, and shall not become abandoned, forfeited or in any manner impaired. The Authority shall not be required, however, to comply with any such orders so long as the validity or application thereof is being contested in good faith.

SECTION 15.06 PAYMENT OF TAXES AND CLAIMS. The Authority will, from time to time, duly pay and discharge, or cause to be paid and discharged, any taxes, assessments or other governmental charges lawfully imposed upon any of the properties of the System or upon the Revenues or payments in lieu of taxes and other charges, when the same shall become due, and will duly observe and conform to all valid requirements of any governmental authority relative to any such properties. The Authority will pay and discharge all claims that may give rise, directly or indirectly, to mechanics' and materialmen's liens and shall keep the System and all parts thereof free from all other pledges, liens, claims, demands, charges and encumbrances prior to, or of equal rank with, the pledge created by this Resolution, except as otherwise expressly provided herein, to the end that the priority of the lien of this Resolution on the Net Revenues and the other moneys, funds, securities and accounts pledged pursuant hereto may at all times be maintained and preserved free from any claim or liability which might embarrass or hamper the Authority in conducting its business or operating the System. This section shall not prevent the Authority from contesting any lien or claim in good faith, and so long as the Authority is contesting a lien and existence of the lien does not prevent the Authority from meeting its obligations under this Resolution, the Authority may permit the lien to continue while it is being contested.

SECTION 15.07 COMPLIANCE WITH RESOLUTION. The Authority will not issue, or permit to be issued, any Bonds in any manner other than in accordance with the provisions of this Resolution, and will not suffer or permit any default to occur under this Resolution, but will faithfully observe and perform all the covenants, conditions and requirements contained in this Resolution and in the Parity Bonds executed, authenticated and delivered hereunder and at all proceedings pertaining thereto. The Authority will make, execute and deliver any and all such

further resolutions, instruments, assurances, filings and recordings as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for assuring and confirming unto the Owners of the Parity Bonds the pledge of rights, benefits and security provided in this Resolution. The Authority will make, execute and deliver any and all such further resolutions, instruments, assurances, filings and recordings as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Resolution, and for assuring and confirming unto the Owners of the Parity Bonds the pledge of rights, benefits and security provided in this Resolution. The Authority, for itself, its successors and assigns, represents, covenants, and agrees with the Owners of the Parity Bonds, as a material inducement to the purchase of the Parity Bonds, that so long as any of the Parity Bonds shall remain Outstanding and the principal thereof or interest thereon shall be unpaid or unprovided for, it will faithfully perform all of the covenants and agreements contained in this Resolution and the Parity Bonds.

SECTION 15.08 POWER TO ISSUE BONDS AND PLEDGE REVENUES AND OTHER FUNDS. The Authority is duly authorized under all applicable laws and the Water Supply Contract to create and issue the Parity Bonds and to execute, deliver and perform its obligations under this Resolution and to pledge the Net Revenues and other moneys, securities and funds purported to be pledged by this Resolution in the manner and to the extent provided in this Resolution. The Net Revenues and other moneys, securities and funds so pledged are and will be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto, in any manner, except as otherwise expressly provided herein, and all corporate action on the part of the Authority to that end has been duly and validly taken. The Parity Bonds and the provisions of this Resolution are and will be the valid and legally enforceable obligations of the Authority in accordance with their terms and the terms of this Resolution. The Authority shall at all times, to the extent permitted by law, defend, preserve and protect the pledge of the Net Revenues and other moneys, securities and funds pledged under this Resolution and all the rights of the Owners of Parity Bonds against all claims and demands of all persons whomsoever.

SECTION 15.09 POWER TO CONSTRUCT AND OPERATE SYSTEM AND COLLECT RATES AND FEES. The Authority has, and will have so long as any Parity Bonds are Outstanding, good right and lawful power to execute, deliver and perform its obligations under the Water Supply Contracts, to construct, reconstruct, improve, maintain, operate and repair the facilities of the System, to finance the Project Costs of such facilities in the manner contemplated by this Resolution, to maintain its corporate existence, and to fix and collect rates, fees and other charges in connection with the System, subject to the jurisdiction of any applicable regulatory authority.

SECTION 15.10 MAINTENANCE OF WATER SUPPLY CONTRACTS AND REVENUES. The Authority will at all times comply with all terms, covenants and provisions, expressed and implied, of each of the Water Supply Contracts and with all other contracts and agreements entered into by it for the sale of water furnished by or available through the System. The Authority shall promptly collect all charges due for the supply or availability of water by it as the same become due and shall at all times maintain and promptly and vigorously enforce its rights against the parties to each of the Water Supply Contracts and against any other entity which does not pay such charges when due and shall enforce the covenants and agreements thereunder. The Authority will not consent or agree to or permit any rescission or amendment of

any Water Supply Contract which will impair or adversely affect any material rights of the Authority thereunder or the rights or security of the owners or holders of any Bonds or Additional Parity Bonds under this Resolution or the resolution authorizing the Additional Parity Bonds. In the event a monetary default shall occur and be continuing by a party to a Water Supply Contract, the Authority shall promptly and diligently enforce the provisions of the Water Supply Contract and take all such action as may be necessary or appropriate to assure that the Net Revenues are adequate to pay the Annual Principal and Interest Requirements of the Parity Bonds and any Additional Parity Bonds in a punctual manner. Further, to the extent that there is a monetary default by a party to a Water Supply Contract which shall be continuing, the Authority covenants and agrees to promptly reallocate the defaulting parties' contract quantity to become a part of the reserve capacity of the System pursuant to the terms of the Water Supply Contract to the extent required to assure that the Net Revenues will be adequate to pay the Annual Principal and Interest Requirements on the Parity Bonds and the Additional Parity Bonds.

ARTICLE XVI
ADDITIONAL PARITY BONDS AUTHORIZED

SECTION 16.01 ADDITIONAL PARITY BONDS. The Authority reserves the right to issue, for any lawful purpose (including the refunding of any previously issued Parity Bonds or any other bonds or obligations of the Authority issued in connection with or payable from the revenues of the System), one or more series of Additional Parity Bonds payable from and secured by a first lien on the Net Revenues of the System on a parity with the Bonds, the Outstanding Parity Bonds, and any previously issued Additional Parity Bonds; provided, however, that no Additional Parity Bonds may be issued unless:

(a) The Additional Parity Bonds mature on, and interest is payable on, the same days of the year as the Bonds;

(b) The Debt Service Fund and the Reserve Fund each contains the amount of money then required to be on deposit therein; and

(c) For either the preceding fiscal year or a 12 consecutive calendar month period ending no more than 90 days prior to adoption of the resolution authorizing such Additional Parity Bonds, Net Revenues were equal to at least 105% of the average annual principal and interest requirements on all Parity Bonds that will be outstanding after the issuance of the series of Additional Parity Bonds then proposed to be issued, as certified by the Authority's General Manager or by an independent certified public accountant or firm of independent certified public accountants; or

(d) If the Authority cannot meet the test described in (c) above, but a change in the rates and charges applicable to the System becomes effective at least sixty (60) days prior to the adoption of the resolution authorizing Additional Parity Bonds and the Authority's General Manager certifies that, had such change in rates and charges been effective for the preceding fiscal year or 12 consecutive calendar month period ending no more than 90 days prior to adoption of said resolution, the Net Revenues for such period would have met the test described in (c) above.

Notwithstanding the aforesaid, if the series of proposed bonds are being issued for refunding purposes, the requirements of Section 16.01(c) are not applicable.

SECTION 16.02 SUBORDINATE LIEN BONDS. The Authority also reserves the right to issue and refinance bonds payable from the Net Revenues, the payment of which will be subordinate to payment of all Parity Bonds.

SECTION 16.03 SPECIAL PROJECT BONDS. The Authority reserves the right to issue Special Project Bonds, the proceeds of which will be used to finance the construction or otherwise acquire special projects, properties, works and facilities to enable the Authority to conserve, store, transport, treat and purify, distribute, sell or deliver water to any Persons, including any Participating Customers, and to pay all Project Costs, costs of issuance of the Special Project Bonds, and to fund any reserve funds authorized in connection with the Special Project Bonds. Such Special Project Bonds shall be payable from and secured by a lien on and pledge of certain Contractual payments allocated to debt service payments or the cost of financing specific capital items or real or personal property acquired or constructed for the purpose of providing services to such Persons. It is specifically provided that such Special Project Bonds shall not be payable from the Net Revenues of the System. Such Special Project Bonds may be issued only on the condition that the President and Secretary of the Board execute a certificate to the effect that the Authority is not in default as to any covenant, condition or obligation prescribed in this Resolution or any resolution authorizing Additional Parity Bonds.

ARTICLE XVII **AMENDMENTS**

SECTION 17.01 AMENDMENT OF RESOLUTION. The Owners of not less than two-thirds in aggregate principal amount of the Parity Bonds then Outstanding shall have the right, at any time and from time to time, to consent to and approve any amendment of this Resolution that may be deemed desirable by the Authority for the purpose of modifying, altering, amending, adding to or rescinding any of the terms or provisions contained in this Resolution; provided, however, that nothing in this Article shall permit (a) an extension of the Maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the rate of interest thereon, or (c) a privilege or priority of any Parity Bond or Parity Bonds over any other Parity Bond, or (d) a reduction in the percentage of Owners of an aggregate principal amount of the Parity Bonds required for consent to such amendment. Parity Bonds owned or held by or for the account of or the benefit of the Authority shall not be deemed to be Outstanding for the purpose of amending this Resolution. No such amendment shall be effective without the consent of the Insurer.

This Resolution or any resolution supplemental hereto or any resolution amending this Resolution and the rights and obligations of the Authority and of the Owners of the Parity Bonds may also be modified or amended at any time by a supplemental resolution without the consent of any Owners of the Outstanding Bonds, but only to the extent permitted by law and only for any one or more of the following purposes:

- (1) to add to the events constituting events of default under this Resolution, to add to the covenants and agreements of the Authority contained in this Resolution, other

covenants and agreements thereafter to be observed, or to surrender any right or power herein reserved or confirmed upon the Authority;

(2) to confirm as further assurance any lien, pledge or charge, or the subjection to any lien, pledge or charge, created or to be created by the provisions of this Resolution or to grant to or confer upon the Owners of the Parity Bonds any additional rights, remedies, powers, authority or security that lawfully may be granted to or conferred upon them;

(3) to make such provisions for the purpose of curing any ambiguity, or of curing or correcting any defect, in any provision contained in this Resolution, or in regard to questions arising under this Resolution, as the Authority may deem necessary or desirable, and which shall not adversely affect the interests of the Owners of the Parity Bonds; and

(4) to provide for the issuance of a series of Additional Bonds, and to provide the terms and conditions under which the Series of Bonds may be issued, subject to and in accordance with the provisions hereof.

SECTION 17.02 NOTICE OF ADOPTION OF AMENDMENT. If the Authority desires to amend the Resolution, it shall cause notice of the proposed amendment to be mailed to the Registered Owners and the Insurer. Such notice shall briefly set forth the nature of the proposed amendment and shall state that copies thereof are on file at the Authority's principal office for inspection by all Registered Owners. If, within thirty days, or such longer period as shall be prescribed by the Authority, following the mailing of such notice, the Registered Owners of not less than two-thirds in aggregate principal amount of the Parity Bonds Outstanding shall have consented to the amendment as herein provided, no Registered Owners shall have any right to object to any of the terms and provisions contained therein, or in any manner to question the propriety of the execution thereof, and all the rights of all Registered Owners shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such amendment.

SECTION 17.03 REVOCATION OF CONSENT. Any consent given by any Registered Owners pursuant to the provisions of this Article shall be irrevocable for a period of six months from the date of the first publication or the mailing of such notice, and shall be conclusive and binding on all future Registered Owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of first publication or the mailing of such notice by the Registered Owners who gave such consent or by a successor in title, by filing notice thereof with the Authority, but such revocation shall not be effective if the Registered Owners of a majority in aggregate principal amount of the Parity Bonds Outstanding have, prior to the attempted revocation, consented to and approved the amendment.

ARTICLE XVIII **MISCELLANEOUS PROVISIONS**

SECTION 18.01 BONDS ARE SPECIAL OBLIGATIONS. The Parity Bonds are and shall be special obligations of the Authority, and the Registered Owner or Owners thereof shall

never have the right to demand payment of said obligations out of any source other than the Net Revenues or any funds raised or to be raised by taxation. The Authority has no taxing power.

SECTION 18.02 AUTHORITY'S SUCCESSORS AND ASSIGNS. Whenever, in this Resolution, the Authority is named and referred to it shall be deemed to include its successors and assigns, and all covenants and agreements in this Resolution by or on behalf of the Authority, except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

SECTION 18.03 NO RECOURSE AGAINST AUTHORITY OFFICERS. No recourse shall be had for the payment of the principal of or interest on the Parity Bonds or for any claim based thereon or on this Resolution against any officer of the Authority or any person executing the Parity Bonds.

SECTION 18.04 LEGAL HOLIDAYS. In any case where the date of Maturity of interest on or principal of the Parity Bonds or the date fixed for redemption of any Bonds shall be in the State of Texas a legal holiday or a day on which banking institutions are authorized by law to close, then payment of principal, interest or redemption price need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the date of Stated Maturity or the date fixed for redemption, and no further interest shall accrue.

SECTION 18.05 BENEFITS OF RESOLUTION. Nothing in this Resolution or in the Parity Bonds, expressed or implied, shall give or be construed to give any Person, other than the Authority, the Paying Agent/Registrar, the Bond Insurer and the Owners of the bonds, any legal or equitable right or claim under or in respect of this Resolution, or under any covenant, condition or provision herein contained, all the covenants, conditions and provisions contained in this Resolution or in the Parity Bonds being for the sole benefit of the Authority, the Paying Agent/Registrar, the Bond Insurer and the Owners of the Parity Bonds.

SECTION 18.06 SEVERABILITY CLAUSE. If any word, phrase, clause, sentence, paragraph, section or other part of this Resolution, or the application thereof to any Person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Resolution and the application of such word, phrase, clause, sentence, paragraph, section or other part of this Resolution to any Persons or circumstances shall not be affected thereby.

SECTION 18.07 FURTHER PROCEEDINGS. The President and Secretary of the Board of Directors and other appropriate officials of the Authority are hereby authorized and directed to do any and all things necessary and/or convenient to carry out the terms of this Resolution.

SECTION 18.08 REPEALER. All orders and resolutions, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

SECTION 18.09 OPEN MEETING. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice

of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

[Execution Page Follows.]

PASSED AND APPROVED on this ____ day of _____ 2014.

President, Board of Directors

ATTEST:

Secretary, Board of Directors

Signature Page
S-1

RESOLUTION APPROVING ISSUANCE UP TO A MAXIMUM AMOUNT OF \$59,000,000 BRAZOSPORT WATER AUTHORITY WATER SUPPLY SYSTEM REVENUE BONDS, SERIES 2014; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT

WHEREAS, the Brazosport Water Authority (the "Authority") was created by 1985 Tex. Laws, Reg. Sess., Ch. 449 at 3063, as amended, under the authority of Article XIV, Section 59 of the Texas Constitution, and the boundaries of the Authority have not been in any way changed or altered since the enactment of Chapter 449, Acts of the 69th Legislature of Texas, Regular Session, 1985. The Authority has entered into a take-or-pay water supply contract (the "Contract"), dated February 20, 1987, with seven member cities of the Authority, including the City of Freeport, (the "City"), under the terms of which the cities are collectively obligated to make payments to the Authority sufficient to pay the principal and interest requirements on outstanding bonds, and such Contracts remain in full force and effect.

WHEREAS, the Board of Directors (the "Board") of the Authority desires to proceed with a plant rehabilitation and expansion of the Authority's water supply system as described in Section 8.2 of the Contract (the "Additional Projects") through the issuance of the Authority's Water Supply System Revenue Bonds, Series 2014 (the "Series 2014 Bonds") under a bond resolution in substantially the form attached as Exhibit A hereto (the "Bond Resolution") and has authorized the Authority's attorneys and financial advisors to take any action reasonably necessary to proceed with preparation for the issuance of the Series 2014 Bonds for the Additional Projects; and

WHEREAS, the Board will proceed with the Additional Projects in multiple phases, in substantially the amounts and as more particularly described in Exhibit B attached hereto, with the aggregate cost of such Additional Projects not to exceed a total of \$59,000,000; and

WHEREAS, the City Council of the City of Freeport (the "City Council") finds such Additional Projects to be necessary and feasible;

WHEREAS, pursuant to Section 7.1 of the Contract, the City Council acknowledges the term of the Contract shall be extended until payment in full of the principal, premium, if any, and interest on the Series 2014 Bonds and all related fees;

WHEREAS, pursuant to Section 8.2 of the Contract, the City Council finds that the City is not in default under the Contract; and

WHEREAS, pursuant to Section 8.2 of the Contract, the Board of the Authority and the City Council of the City mutually agree such Additional Projects are necessary and feasible and acknowledge receipt of the Bond Resolution by the City for review; NOW THEREFORE

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FREEPORT, TEXAS:

SECTION 1.01 AUTHORIZATION AND INTENT. In accordance with Sections 8.2 and 9.4 of the Contract, the City Council is hereby authorized to approve of the issuance of the Series 2014 Bonds by the Authority pursuant to the Bond Resolution and the Mayor, the City

Manager or any other duly appointed person is hereby authorized and directed to take any action reasonably necessary to proceed with the issuance of the Series 2014 Bonds.

SECTION 1.02. RATIFICATION AND EXTENSION OF CONTRACT. The terms of the Contract previously entered into are hereby ratified by the City and the term of the Contract shall be extended until payment in full of the principal, premium, if any, and interest on the Series 2014 Bonds and all related fees

SECTION 1.03. CONTINUING DISCLOSURE. 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

(a) So long as the Series 2014 Bonds or any bonds issued for the Additional Projects described herein remain outstanding, the City will provide certain updated financial information and operating data to the MSRB annually in an electronic format as prescribed by the MSRB and available via the Electronic Municipal Market Access (“EMMA”) system at www.emma.msrb.org. The information to be updated includes all quantitative financial information and operating data that is customarily prepared by the City. The City shall update such information within six months after the end of each fiscal year. Any financial statements so to be provided shall be (1) prepared in accordance with the Accounting Principles described in this Resolution and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not so provided, then the City shall provide unaudited financial statements for the applicable fiscal year by the required time, and audited financial statements when and if audited financial statements become available.

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 documents (i) available to the public on the MSRB’s internet web site or (ii) filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

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

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;

- (iii) **Unscheduled draws on debt service reserves reflecting financial difficulties;**
- (iv) **Unscheduled draws on credit enhancements reflecting financial difficulties;**
- (v) **Substitution of credit or liquidity providers or their failure to perform;**
- (vi) **Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;**
- (vii) **Modifications to rights of holders of the Bonds, if material;**
- (viii) **Bond calls, if material, and tender offers;**
- (ix) **Defeasances;**
- (x) **Release, substitution, or sale of property securing repayment of the Bonds, if material;**
- (xi) **Rating changes;**
- (xii) **Bankruptcy, insolvency, receivership or similar event of the City;**
- (xiii) **The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and**
- (xiv) **Appointment of a successor or additional trustee or the change of name of a trustee, if material.**

The City shall notify the MSRB in an electronic format prescribed by the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with this Section by the time required by such Section.

All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

(c) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an “obligated person” with respect to the Bonds within the meaning of the Rule, except that the City in any event will give the notice required by this Section 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 Registered Owners 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 REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS 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 the Resolution for purposes of any other provision of this Resolution.

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

(d) The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell the 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 Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution 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 Registered Owners and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section 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. The City may also amend or repeal the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, and the City also may amend the provisions of this Section in its discretion in any other manner or circumstance, but in any case only if and to the extent that the provisions of this sentence would not have prevented an underwriter from lawfully

purchasing or selling Bonds in the primary offering of the Bonds, giving effect to (a) such provisions as so amended and (b) any amendments or interpretations of the Rule.

SECTION 1.03 FINDINGS. It is hereby found and determined that the matters and facts set out in the preamble to this Resolution are true and correct.

SECTION 1.04 INTERPRETATIONS. The titles and headings of the sections of this Resolution have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof in this Resolution and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein.

SECTION 1.05 CITY'S SUCCESSORS AND ASSIGNS. Whenever, in this Resolution, the City Council is named and referred to it shall be deemed to include its successors and assigns, and all covenants and agreements in this Resolution by or on behalf of the Participating Customer, except as otherwise provided herein, shall bind and inure to the benefit of its successors and assigns whether or not so expressed.

SECTION 1.06 SEVERABILITY CLAUSE. If any word, phrase, clause, sentence, paragraph, section or other part of this Resolution, or the application thereof to any person or circumstance, shall ever be held to be invalid or unconstitutional by any court of competent jurisdiction, the remainder of this Resolution and the application of such word, phrase, clause, sentence, paragraph, section or other part of this Resolution to any persons or circumstances shall not be affected thereby.

SECTION 1.07 OPEN MEETING. It is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public, and that public notice of the time, place and purpose of said meeting was given, all as required by the Texas Open Meetings Act.

[Execution Page Follows.]

PASSED AND APPROVED on this _____ day of _____ 2014.

Mayor
City of Freeport, Texas

ATTEST:

City Secretary
City of Freeport, Texas

[CITY SEAL]

ORDINANCE NO. 2001-25

AN ORDINANCE AMENDING THE CODE OF ORDINANCES OF THE CITY OF FRIENDSWOOD, TEXAS, BY STRIKING ALL OF ARTICLE II OF CHAPTER 3 THEREOF AND SUBSTITUTING THEREFOR A NEW ARTICLE II OF CHAPTER 3; PROVIDING RULES AND REGULATIONS GOVERNING THE KEEPING AND LICENSING OF ANIMALS; PROVIDING DEFINITIONS; ESTABLISHING THE POWERS AND DUTIES OF THE CITY'S ANIMAL CONTROL OFFICERS; REQUIRING RABIES VACCINATIONS; ESTABLISHING LICENSING AND PERMITTING FEES; PROVIDING PROCEDURES FOR REGULATING, QUARANTINING, IMPOUNDING, CONTROLLING, AND DISPOSING OF DANGEROUS OR RABID ANIMALS; MAKING IT UNLAWFUL TO KEEP WILD OR EXOTIC ANIMALS WITHIN THE CITY WITHOUT A PERMIT; MAKING IT UNLAWFUL TO ABANDON OR DUMP ANIMALS WITHIN THE CITY; MAKING IT UNLAWFUL FOR ANY PERSON TO FAIL TO PROMPTLY REMOVE AND DISPOSE OF FECES LEFT BY ANY ANIMAL; PROVIDING THAT OWNERS OF DANGEROUS ANIMALS MUST CARRY LIABILITY INSURANCE; DECLARING A PUBLIC NUISANCE; PROVIDING OTHER MATTERS RELATING TO THE SUBJECT; PROVIDING A PENALTY IN AN AMOUNT NOT TO EXCEED \$2,000 FOR EACH DAY OF VIOLATION OF ANY PROVISION HEREOF; PROVIDING FOR SEVERABILITY; REPEALING ALL ORDINANCES OR PARTS ORDINANCES INCONSISTENT OR IN CONFLICT HEREWITH; AND PROVIDING AN EFFECTIVE DATE.

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

Section 1. The Code of Ordinances of the City of Friendswood, Texas, is hereby amended by striking all of Article II of Chapter 3 thereof and substituting therefore the following:

"ARTICLE II. ANIMAL CONTROL.

Sec. 3-15. State law.

Animal population, animal control, prohibition, and exceptions for keeping wild or exotic animals, rabies vaccination, rabies eradication, licenses, permits, fees, revocation of permits or licenses, quarantining, impoundment, nuisances, animal establishments, shall be accomplished and regulated in accordance and conformance with this Article, Chapter 826 of the Texas Health and Safety Code, and the "Rabies Control and Eradication" rules of the Texas

Sec. 3-45. Defecation by animals.

It shall be unlawful for any person to fail to promptly remove and dispose of, in a sanitary manner, feces left by an animal being handled by that person on any property, public or private, other than the premises of the owner or handler of such animal. For the purposes hereof, "handler" shall mean the person having custody and control of such animal, whether by leash or by voice and sight. Further, it shall be unlawful for any person to walk an animal upon public property or upon the private property of someone other than the animal's owner or handler without having in their possession a container or other instrument suitable for removal and disposal of such animal's feces in a sanitary manner. However, this section shall not apply to handicapped persons using guide dogs or to peace officers using animals in the discharge of law enforcement activities.

Sec. 3-46. Animals in parked vehicles.

(a) No dog or other animal shall be left in a closed parked vehicle in such a way as to subject the animal to extreme temperatures that could adversely affect the animal's health, safety or welfare.

(b) Any animal control officer, peace officer, or personnel of the fire department may use reasonable force to remove the animal from any vehicle if such person believes that an emergency situation exists due to the circumstances described in paragraph (a) above.

(c) A person may not attempt to remove or use force to remove from a motor vehicle any animal in the custody of an animal control or peace officer.

Sec. 3-46. Equine infectious anemia (EIA).

Equine (horses, donkeys, mules, zebras, and burros) entering assemblies/events within the City shall have proof of a negative EIA test within the past twelve-month period. An EIA test document, VS 10-11, is adequate proof of testing. The person or group in charge of any such event shall be responsible for ensuring that the equine are accompanied by such valid documentation and that the Texas Equine Event Validation Sheet (TAHC Form 96-38) has been completed.

Sec. 3-47. Miniature swine.

(a) The owner of miniature swine shall annually register the animal with the City. Written application for registration and the payment of applicable registration fees shall be made to the City's central cashier's office. The application shall include the name and address of the owner, a description of the animal, and a copy of a current rabies vaccination certificate. Upon acceptance of

ORDINANCE NO. 05-1794

AN ORDINANCE AMENDING CHAPTER 10 OF THE CODE OF ORDINANCES OF THE CITY OF LAKE JACKSON, TEXAS, ENTITLED ANIMALS BY ADDING SECTION 10-135 REGARDING REMOVAL OF ANIMAL FECES ON PUBLIC AND PRIVATE PROPERTY; PROVIDING FOR A PENALTY OF UP TO \$500 PER VIOLATION; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES TO THE EXTENT OF THE CONFLICT ONLY; PROVIDING A SAVINGS CLAUSE; AND PROVIDING THAT THIS ORDINANCE SHALL TAKE EFFECT AND BE IN FORCE FIVE DAYS AFTER ITS DESCRIPTIVE CAPTION IS PUBLISHED WITHIN TEN DAYS OF FINAL PASSAGE IN THE BRAZOSPORT FACTS.

BE IT ORDAINED BY THE COUNCIL OF THE CITY OF LAKE JACKSON, TEXAS

SECTION 1: That Chapter 10 of the Code of Ordinances of the City of Lake Jackson, Texas is hereby amended to include Section 10-135 to read as follows:

ARTICLE V. DOGS AND CATS

Sec. 10-135.

It shall be unlawful for any person not to immediately remove and dispose of, in a sanitary manner, feces left by a dog being handled by that person on property, public or private, other than the premises of the owner or handler of such dog. For the purposes of this section, "handler" means the person having custody or control of such dog. Further, it shall be unlawful for any person to walk a dog on public property or the private property of someone other than the owner or handler of such dog without having in their possession a container or other instrument suitable for the removal and disposal of the dog's feces in a sanitary manner. This section shall not, however apply to handicapped persons using guide dogs or to peace officers while using animals in the discharge of emergency law enforcement activities.

SECTION 2: Any person, firm, corporation, association or other entity that violates this ordinance shall be subject to a fine of not more than Five Hundred Dollars (\$500) for each violation.


SECTION 3: All ordinances or parts of ordinances in conflict herewith are hereby repealed to the extent of the conflict only.

SECTION 4: If any part or portion of this ordinance shall be invalid or unconstitutional, such invalidity or unconstitutionality shall not affect or impair any remaining portions or provisions of this ordinance.

SECTION 5: The City Secretary shall publish the caption of this ordinance within ten (10) days of final passage in the official newspaper of the city. This ordinance shall take effect and be in force (5) days after publication in accordance with Section 3-15 of the Charter of the City of Lake Jackson, Texas.

PASSED AND APPROVED on the first reading this 3 day of October, 2005.

October PASSED AND ADOPTED on this second and final reading this 17 day of _____, 2005.


Shane W. Pirtle, Mayor

ATTEST:


Alice A. Rodgers, City Secretary