

ALLEN OWEN  
Mayor

JERRY WYATT  
Councilmember at Large Position 1

CHRIS PRESTON  
Councilmember at Large Position 2



YOLANDA FORD  
Councilmember District A

DON SMITH  
Mayor Pro Tem  
Councilmember District B

ANTHONY G. MAROULIS  
Councilmember District C

FLOYD EMERY  
Councilmember District D

## CITY COUNCIL SPECIAL MEETING AGENDA

Notice is hereby given of a Special City Council meeting to be held on **Monday, January 11, 2016, at 5:30 p.m. at: City Hall, Council Chamber, 2<sup>nd</sup> Floor, 1522 Texas Parkway, Missouri City, Texas, 77489**, for the purpose of considering the following agenda items. All agenda items are subject to action. The City Council reserves the right to meet in a closed session on any agenda item should the need arise and if applicable pursuant to authorization by Title 5, Chapter 551 of the Texas Government Code.

**1. ROLL CALL**

**2. DISCUSSION/POSSIBLE ACTION**

- (a) Consider authorizing the issuance of 2016 debt as non-bank qualified debt.

**3. ORDINANCES**

- (a) Consider an ordinance authorizing the parameters, issuance, and sale of City of Missouri City, Texas, general obligation refunding bonds, Series 2016B, in an aggregate principal amount not to exceed \$41,000,000; levying a tax in payment thereof; authorizing the execution and delivery of a bond purchase contract, a paying agent/register agreement and an officer's pricing certificate; calling certain obligations for redemption; approving the official statement; approving the engagement of certain professionals in connection with the issuance of the bonds; and enacting other provisions relating thereto.

**4. CLOSED EXECUTIVE SESSION**

*The City Council may go into Executive Session regarding any item posted on the Agenda as authorized by Chapter 551 of the Texas Government Code.*

**5. RECONVENE**

*Reconvene into Regular Session and Consider Action, if any, on items discussed in Executive Session.*

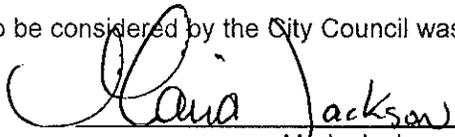
**6. ADJOURN**

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In compliance with the Americans with Disabilities Act, the City of Missouri City will provide for reasonable accommodations for persons attending City Council meetings. To better serve you, requests should be received 24 hours prior to the meetings. Please contact Maria Jackson, City Secretary, at 281.403.8686.

### CERTIFICATION

I certify that a copy of the January 11, 2016, agenda of items to be considered by the City Council was posted on the City Hall bulletin board on January 8, 2016, at 4:00 p.m.

  
\_\_\_\_\_  
Maria Jackson, City Secretary

I certify that the attached notice and agenda of items to be considered by the City Council was removed by me from the City Hall bulletin board on the \_\_\_\_ day of \_\_\_\_\_, 2016.

Signed: \_\_\_\_\_ Title: \_\_\_\_\_



**Special City Council Agenda Item Cover Memo  
January 11, 2016**

**To:** Mayor and City Council  
**Agenda Item:** 2(a) Consider authorizing the issuance of 2016 debt as non-bank qualified debt.  
**Submitted by:** Michael Higgins, Interim Finance Director

**SYNOPSIS**

During the first four trading days of 2016, the broad stock market indices fell over 5%. The impact on the bond market has been an inflow of funds driving interest rates down.

Council is being asked to consider authorizing the designation of certain bank-qualified debt as non-bank qualified debt.

**STRATEGIC PLAN 2019 GOALS ADDRESSED**

- Maintain a financially sound city government.

**BACKGROUND**

The City has a previously scheduled sale of \$2,500,000 Combination Tax and Revenue Certificates of Obligation Series, 2016 and \$3,120,000 General Obligation Bonds, Series 2016 on Tuesday, January 19, 2016. These debt issues, plus the anticipated issuance of a lease for a fire truck, will total less than \$10,000,000 in debt obligations for calendar 2016. The City anticipated designating these debt instruments as bank qualified (BQ) tax exempt obligations.

The decline in interest rates has provided the City with the ability to refinance certain maturities of existing debt for a savings. Current estimates indicate that the City may refinance portions of the following debt issuances:

General Obligation Bonds, Series 2007;  
Combination Tax and Revenue Certificates of Obligation, Series 2008;  
Combination Tax and Revenue Certificates of Obligation, Series 2008A;  
General Obligation Bonds, Series 2008A;  
General Obligation Bonds, Series 2008; and  
Combination Tax and Revenue Certificates of Obligation, Series 2009.

The combination of these bond issues are approximately \$40 million, with a savings of over \$4 million on a net present value basis, and over \$5 million on a gross basis after all costs of issuance have been paid.

To be able to take advantage of this opportunity, the City will need to change obligations that were scheduled to be designated as bank-qualified obligations to non-bank qualified obligations for all new money issuances and lease purchase agreement scheduled for 2016.

## **FISCAL ANALYSIS**

The City may be exposed to market risk. If interest rates move up before the City is able to execute the refinancing, the new money debt will be sold as non-bank qualified debt, which may have higher interest rates than would have been available with bank qualified debt.

## **SUPPORTING MATERIALS**

1. Financial advisor's synopsis of the financing opportunity

## **STAFF'S RECOMMENDATION**

Staff recommends authorizing the issuance of debt previously designated to be bank qualified debt in 2016 as non-bank qualified debt.

## Synopsis

### **Sale of Debt**

The City has a previously scheduled sale of \$2,500,000 Combination Tax and Revenue Certificates of Obligation Series, 2016 and \$3,120,000 General Obligation Bonds, Series 2016 for Tuesday, January 19, 2016. These debt issues plus anticipated issuance of a lease for a fire truck will total less than \$10,000,000 in debt obligations for calendar 2016. The City anticipated designating these debt instruments as qualified tax exempt obligations.

### **Market Conditions have changed**

During the first four trading days of 2016, the broad stock market indices fell over 5%. The impact on the bond market has been an inflow of funds driving interest rates down.

### **Market Opportunity**

The decline in interest rates has provided the ability to refinance some maturities of existing debt for a savings. Current estimates indicate the possibility to refinance portions of the following debt issuances:

- General Obligation Bonds, Series 2007

- Combination Tax and Revenue Certificates of Obligation, Series 2008

- Combination Tax and Revenue Certificates of Obligation, Series 2008A

- General Obligation Bonds, Series 2008A

- General Obligation Bonds, Series 2008

- Combination Tax and Revenue Certificates of Obligation, Series 2008

This produces a bond issue of approximately 40 million with savings of over 4 million on a net present value basis and over 5 million on a gross basis. This is after all costs of issuance have been paid.

### **What is needed?**

To be able to take advantage of this opportunity, we will need to drop the designation of qualified tax exempt obligations on the new money issuance scheduled for January 19, 2016.

### **What is the increase in Interest Cost?**

We expect that the City will sell approximately 7 million in debt obligations. Dropping the qualified tax exempt obligation status will cost the City additional interest of approximately \$345,000 in gross dollars or \$275,000 on a present value basis.

### **What is the Risk involved?**

The City will be exposed to market risk. If interest rates move up before we are able to execute the refinancing, the new money debt may be sold at higher interest rates than would have been available with the qualified tax exempt obligation designation. The current estimate of additional cost is \$345,000 in gross dollars and \$275,000 on a net present value basis.

### **What is the Potential Benefit?**

The current best case estimate is for net savings to exceed 4 million. That is savings after costs and additional interest cost from dropping the qualified tax exempt designation have been accounted for.

**What action is needed?**

Council is being asked to approve moving forward with the sale on January 19, 2016 with no designation attached to the bonds as qualified tax exempt obligations.

Council is being asked to consider approving a parameter sale for the potential refinancing of some of the City's existing debt.

**What timing considerations are there?**

The new issuance will go ahead as scheduled on January 19, 2016.

The refinancing will move forward with document preparation and proceed if approved parameters are met. Expectation is for the refinancing to be prepared to move to a market ready status in four to five weeks.



**Special City Council Agenda Item Cover Memo  
January 11, 2016**

**To:** Mayor and City Council  
**Agenda Item:** 3(a) Consider an ordinance authorizing the parameters, issuance, and sale of City of Missouri City, Texas, general obligation refunding bonds, Series 2016B, in an aggregate principal amount not to exceed \$41,000,000; levying a tax in payment thereof; authorizing the execution and delivery of a bond purchase contract, a paying agent/register agreement and an officer's pricing certificate; calling certain obligations for redemption; approving the official statement; approving the engagement of certain professionals in connection with the issuance of the bonds; and enacting other provisions relating thereto.

**Submitted by:** Michael Higgins, Interim Finance Director

**SYNOPSIS**

During the first four trading days of 2016, the broad stock market indices fell over 5%. The impact on the bond market has been an inflow of funds driving interest rates down.

Council is being asked to consider approving a parameter sale for the potential refinancing of some of the City's existing debt.

**STRATEGIC PLAN 2019 GOALS ADDRESSED**

- Maintain a financially sound city government.

**BACKGROUND**

The decline in interest rates has provided the City with the ability to refinance certain maturities of existing debt for a savings. Current estimates indicate that the City may refinance portions of the following debt issuances:

General Obligation Bonds, Series 2007;  
Combination Tax and Revenue Certificates of Obligation, Series 2008;  
Combination Tax and Revenue Certificates of Obligation, Series 2008A;  
General Obligation Bonds, Series 2008A;  
General Obligation Bonds, Series 2008; and  
Combination Tax and Revenue Certificates of Obligation, Series 2009.

The combination of these bond issues are approximately \$40 million, with a savings of over \$4 million on a net present value basis, and over \$5 million on a gross basis after all costs of issuance have been paid.

The refinancing will move forward and documents will be prepared if the approved parameters are met. Staff expects the refinancing to be prepared to move to a market ready status in four to five weeks.

## **FISCAL ANALYSIS**

The City may be exposed to market risk. If interest rates move up before the City is able to execute the refinancing, the new money debt will be sold as non-bank qualified debt, which may have higher interest rates than would have been available with bank qualified debt. The current estimate of additional costs is \$345,000 in gross dollars and \$275,000 on a net present value basis.

The current best case estimate is for net savings to exceed \$4 million after costs and additional interest costs from dropping the bank qualified designation.

## **SUPPORTING MATERIALS**

1. Ordinance
2. Preliminary financial analysis of the proposed issuance
3. PowerPoint

## **STAFF'S RECOMMENDATION**

Staff recommends approving the ordinance authorizing a parameter sale of general obligation refunding bonds, Series 2016B, in an aggregate principal amount not to exceed \$41,000,000.

ORDINANCE NO. O -16-\_\_\_

AN ORDINANCE OF THE CITY OF MISSOURI CITY, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF MISSOURI CITY, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016B, IN THE AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED \$41,000,000; LEVYING A TAX IN PAYMENT THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT, A PAYING AGENT/REGISTRAR AGREEMENT AND AN OFFICER'S PRICING CERTIFICATE; CALLING CERTAIN OBLIGATIONS FOR REDEMPTION; APPROVING THE OFFICIAL STATEMENT; APPROVING THE ENGAGEMENT OF CERTAIN PROFESSIONALS IN CONNECTION WITH THE ISSUANCE OF THE BONDS; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; AND ENACTING OTHER PROVISIONS RELATING THERETO.

\* \* \* \* \*

WHEREAS, the City of Missouri City, Texas (the "City") has previously issued and there are presently outstanding certain obligations of the City; and

WHEREAS, the City is authorized, pursuant to the general laws of the State of Texas, and particularly Chapter 1207, Texas Government Code, as amended, to issue its bonds for the purpose of refunding all or a portion of its outstanding obligations; and

WHEREAS, by this Ordinance the City Council of the City (the "City Council") is authorizing the issuance of its bonds in an amount not to exceed the aggregate principal amount of \$41,000,000 for the purpose of refunding the City's outstanding obligations identified and described on **Schedule I** attached hereto and incorporated herein by reference for all purposes (the "Refunded Obligations"); and

WHEREAS, the City Council hereby finds, determines and declares that the refunding of the Refunded Obligations will result in a debt service savings representing a net present value savings for the City and that the issuance of the bonds herein authorized is necessary in order to lower the overall annual debt service requirements of the City; and

WHEREAS, the City Council has found and determined that it is necessary and in the best interest of the City and its citizens that it authorize by this Ordinance the issuance and delivery of its bonds in a single series at this time; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; now therefore;

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

## ARTICLE I

### DEFINITIONS AND OTHER PRELIMINARY MATTERS

#### Section 1.01. Definitions.

Unless otherwise expressly provided or unless the context clearly indicates otherwise in this Ordinance, the following terms shall have the meanings specified below:

"Authorized Representative(s)" shall mean either the Mayor, City Manager or the Director of Finance of the City.

"Bond" means any of the Bonds.

"Bond Date" means the date designated as the date of the Bonds by Section 3.02 of this Ordinance.

"Bond Purchase Contract" means the Purchase Contract between the City and the Underwriters pertaining to the Bonds.

"Bonds" means any of the City's bonds authorized by this Ordinance and designated as "City of Missouri City, Texas, General Obligation Refunding Bonds, Series 2016B."

"Business Day" means any day which is not a Saturday, Sunday or legal holiday, or day on which banking institutions in the State of Texas or the city in which the Designated Payment/Transfer Office is located are generally authorized or obligated by law or executive order to close.

"City" means the City of Missouri City, Texas.

"Closing Date" means the date of the initial delivery of and payment for the Bonds.

"Designated Payment/Transfer Office" means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Dallas, Texas, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

"DTC" means The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" means brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

"Event of Default" means any event of default as set forth in Section 9.01 of this Ordinance.

"Fiscal Year" means such fiscal year as shall from time to time be set by the City Council.

"Initial Bond" means the Initial Bond authorized by Section 3.06 of this Ordinance.

"Interest and Sinking Fund" means the interest and sinking fund established by Section 2.02 of this Ordinance.

"Interest Payment Date" means the date or dates on which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being June 15 and December 15, commencing June 15, 2016.

"Issuance Date" means the date on which the Bonds are delivered to and paid for by the Underwriters.

"MSRB" means the Municipal Securities Rulemaking Board.

"Officer's Pricing Certificate" shall mean a certificate or certificates to be signed by an Authorized Representative pursuant to Section 3.01A herein.

"Owner" means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

"Paying Agent/Registrar" means initially Wells Fargo Bank, National Association, Dallas, Texas, or any successor thereto as provided in this Ordinance.

"Record Date" means the close of business on the last business day of the month preceding the applicable Interest Payment Date.

"Refunded Obligations" means the obligations of the City being refunded with a portion of the proceeds of the Bonds as described on **Schedule I**.

"Register" means the bond register specified in Section 3.08(a) of this Ordinance.

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

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

"Special Payment Date" means the Special Payment Date prescribed by Section

3.05(b) of this Ordinance.

"Special Record Date" means the Special Record Date prescribed by Section 3.05(b) of this Ordinance.

"Unclaimed Payments" means money deposited with the Paying Agent/Registrar for the payment of principal of, redemption premium, if any, or interest on the Bonds as the same come due and payable or money set aside for the payment of Bonds duly called for redemption prior to maturity.

"Underwriters" mean the underwriters named in Section 14.01 of this Ordinance.

#### Section 1.02. Findings.

The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

#### Section 1.03. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

#### Section 1.04. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Any action required to be taken on a date which is not a Business Day shall be taken on the next succeeding Business Day and have the same effect as if taken on the date so required.

(c) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Ordinance.

(d) Article and section references shall mean references to articles and sections of this Ordinance unless otherwise designated.

## ARTICLE II

### SECURITY FOR THE BONDS; INTEREST AND SINKING FUND

#### Section 2.01. Tax Levy.

(a) Pursuant to the authority granted by the Texas Constitution and the laws of the State of Texas, there shall be levied and there is hereby levied for the current year and for each succeeding year thereafter while any of the Bonds or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the City, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Bonds, being (i) the interest on the Bonds, and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% per annum (whichever amount is greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the City most recently approved in accordance with law and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Ordinance.

#### Section 2.02. Interest and Sinking Fund.

(a) The City hereby establishes a special fund or account, to be designated the "City of Missouri City, Texas, General Obligation Refunding Bonds, Series 2016B, Interest and Sinking Fund," said fund to be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City.

(b) Money on deposit in or required by this Ordinance to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Bonds when and as due and payable in accordance with their terms and this Ordinance.

## ARTICLE III

### AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

#### Section 3.01. Amount, Purpose and Authorization.

The Bonds shall be issued in fully registered form, without coupons, under and pursuant to the authority of the Ordinance in the total authorized aggregate principal

amount set forth in the Officer's Pricing Certificate, but not to exceed \$41,000,000 for the purpose of (1) refunding and defeasing the Refunded Obligations, and (2) paying certain costs related to the issuance of the Bonds and the refunding and defeasing of the Refunded Obligations.

Section 3.01A. Sale, Execution and Delivery of the Bonds.

As authorized by Chapter 1207, Texas Government Code, as amended, the City Manager or the Director of Finance (each, an "Authorized Representative") is hereby authorized to act on behalf of the City in selling and delivering the Bonds and carrying out other procedures specified herein, including agreeing to and stipulating the price at which the Bonds will be sold, the date or dates on which the Bonds will be sold, the years in which the Bonds will mature, the total principal amount of the Bonds and the principal amount to mature in each of such years of maturity, the rate of interest to be borne by each such maturity, the dates, prices and terms, if any, upon which the Bonds will be subject to optional redemption, if applicable, prior to maturity, the purchase of a bond insurance policy or policies, if any, for all or any portion of the Bonds, and all other matters relating to the issuance, sale and delivery of the Bonds, including the refunding of the Refunded Obligations, all of which shall be specified in the Officer's Pricing Certificate, substantially in the form attached hereto as **Exhibit A**, provided that:

(1) the price to be paid for the Bonds shall be not be less than 90% of the aggregate original principal amount of the Bonds;

(2) none of the Bonds shall bear interest at a rate greater than 15% per annum or in excess of the maximum rate allowed by Chapter 1204, Texas Government Code, as amended;

(3) the aggregate principal amount of the Bonds allocated to the refunding of the Refunded Obligations shall equal an amount sufficient to provide for the refunding of an amount of the Refunded Obligations that will result in a reduction in debt service costs to the City on a present value basis of at least 3.0%, as set forth in the Officer's Pricing Certificate. If the conditions set forth herein cannot be met, the refunding of the Refunded Obligations shall be abandoned. The Refunded Obligations actually to be so refunded shall be set forth in the Officer's Pricing Certificate in accordance with the preceding sentence, except that if less than an entire maturity is to be refunded, the Refunded Obligations to be refunded within a maturity shall be selected by lot; and

(4) prior to delivery, the Bonds to be issued must have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations.

The issuance of the Bonds is hereby authorized under and in accordance with the Officer's Pricing Certificate, the officers of the City are each hereby authorized to execute, attest, and affix the City's seal to the Bonds and to deliver the Bonds to the

Attorney General of the State of Texas for approval, the Comptroller of Public Accounts for registration and the Paying Agent/Registrar for authentication, and thereafter to deliver such Bonds to the Underwriters pursuant to the Bond Purchase Contract authorized in Section 6.01 herein.

Section 3.02. Designation, Date and Interest Payment Dates.

Bonds shall be designated as the "City of Missouri City, Texas, General Obligation Refunding Bonds, Series 2016B," and shall be dated February 15, 2016. The Bonds shall bear interest at the rates set forth in the Officer's Pricing Certificate, from the later of the Issuance Date or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, payable on June 15, 2016, and each June 15 and December 15 thereafter until maturity or prior redemption.

If interest on any Bond is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Paying Agent/Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the City. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Registered Owner as of the close of business on the day prior to mailing of such notice.

Section 3.03. Numbers Denomination Interest Rates 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 Officer's Pricing Certificate and may be transferred and exchanged as set out in this Ordinance. The Bonds shall mature on June 15 in each of the years and in the amounts set forth in the Officer's Pricing Certificate. Bonds delivered in transfer of or in exchange for other Bonds shall be numbered 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. The Bonds shall be numbered separately from one upward, except the Initial Bond, which shall be numbered T-1.

Section 3.04. Redemption Prior to Maturity.

(a) *Redemption.* The Bonds are subject to optional redemption and mandatory redemption as set forth in the Officer's Pricing Certificate.

(b) *Notice of Redemption.* Notice of any redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the registered owner of each

Bond, or portion thereof to be redeemed, at its address as it appeared on the Register on the close of business on the business day next preceding the date of mailing such notice; provided, however, that the failure to send, mail, or receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Bond. By the date fixed for any such redemption, due provision shall be made by the City with the Paying Agent/Registrar for the payment of the required redemption price for this Bond or the portion hereof which is to be so redeemed, plus accrued interest thereon to the date fixed for redemption. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion thereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Register all such redemptions of principal of this Bond or any portion hereof. If a portion of any Bond shall be redeemed, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the City, all as provided in the Ordinance.

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

#### Section 3.05. Medium, Method and Place of Payment.

(a) The principal of and interest on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on the Bonds shall be payable to the Owners as shown in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Bond appearing in the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest on each Bond shall be paid by check, dated as of the Interest Payment Date, and mailed on or before such Interest Payment Date, by United States mail, first class, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as it appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the Owner; provided, however, that such Owner shall bear all risk and expense of such other customary banking arrangements.

(d) The principal of each Bond shall be paid to the Owner thereof on the due date (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(e) If the date for the payment of the principal of or interest on the Bonds is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(f) Unclaimed Payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, any Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains three years after the retirement of all outstanding Bonds, such money shall be paid to the City to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar nor any other person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.06. Execution and Registration of Bonds.

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

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

(c) Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided herein, duly authenticated by manual execution by an officer or duly authorized signatory of the Paying Agent/Registrar. It shall not be required that the same officer or authorized signatory of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered at the Closing Date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided herein, manually executed by the Comptroller of Public Accounts of the State of Texas, or by her duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the City, and that it has been registered by the Comptroller of Public Accounts of the State of Texas.

(d) On the Closing Date, one Initial Bond representing the entire principal amount of all Bonds, payable in stated installments to the representative of the Underwriters, or its designee, executed by the manual or facsimile signatures of the Mayor and City Secretary of the City, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the representative of the Underwriters or its designee. Upon payment for the Initial Bond, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the representative of the Underwriters one registered definitive Bond for each year of maturity of the Bonds in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee of DTC.

Section 3.07. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for

the purpose of making and receiving payment of the principal thereof, for the further purpose of making and receiving payment of the interest thereon, and for all other purposes (except interest will be paid to the person in whose name such bond is registered on the Record Date or Special Record Date, as applicable), whether or not such Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Bond shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

#### Section 3.08. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the Designated Payment/Transfer Office with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

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

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

(f) Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer, or exchange any Bond called for redemption, in whole or in part, within forty-five (45) calendar days prior to the date fixed for redemption; provided, however, such

limitation shall not be applicable to an exchange by the Owner of the uncalled principal balance of a Bond.

#### Section 3.09. Cancellation.

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

#### Section 3.10. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Ordinance.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and shall authenticate and deliver in exchange therefor Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

#### Section 3.11. Replacement Bonds.

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

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

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

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

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

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

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

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

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

### Section 3.12. Book-Entry Only System.

Upon issuance of the Initial Bonds, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Bonds shall be initially issued in the form of a separate typewritten fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of such Bonds shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in

Section 3.11 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

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

Section 3.13. Successor Securities Depository; Transfer Outside Book-Entry Only System.

In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the City or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event,

the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 3.14. Payments to Cede & Co.

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

**ARTICLE IV**

**PAYING AGENT/REGISTRAR**

Section 4.01. Appointment of Initial Paying Agent/Registrar.

Wells Fargo Bank, National Association, Dallas, Texas, is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

Section 4.02. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 4.03. Maintaining Paying Agent/Registrar.

(a) At all times while any Bonds are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 4.02 of this Ordinance. The Mayor is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar in substantially the form presented at this meeting, the form, terms and provisions of which are hereby approved. The signature of the Mayor shall be attested by the City Secretary.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 4.04. Termination.

The City, upon not less than sixty (60) days notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination, provided, that such termination shall not be effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 4.05. Notice of Change to Owners.

Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by United States mail, first class, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 4.06. Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar and executing the Paying Agent/Registrar Agreement, attached hereto as **Exhibit B**, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 4.07. Delivery of Records to Successor.

If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

## **ARTICLE V**

### **FORM OF THE BONDS**

Section 5.01. Form Generally.

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

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

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 5.02. Form of the Bonds.

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

(a) Form of Bonds.

REGISTERED

REGISTERED

No. \_\_\_\_\_

\$ \_\_\_\_\_

United States of America  
State of Texas

CITY OF MISSOURI CITY, TEXAS  
GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2016B

INTEREST RATE:      MATURITY DATE:      BOND DATE:      CUSIP NUMBER:  
\_\_\_\_\_ %      June 15, \_\_\_\_\_      \_\_\_\_\_, 2016      \_\_\_\_\_

The City of Missouri City, Texas (the "City"), in Fort Bend and Harris Counties, State of Texas, for value received, hereby promises to pay to

\_\_\_\_\_

or registered assigns, on the Maturity Date specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Bond Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of

such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on June 15 and December 15 of each year, commencing June 15, 2016.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the designated office in Dallas, Texas, of Wells Fargo Bank, National Association, as Paying Agent/Registrar (the "Designated Payment/Transfer Office"), or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, and will be mailed on or before such interest payment date, by United States mail, first class, postage prepaid, by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days (as hereinafter defined) prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond is not a Business Day, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday, or day on which banking institutions in the State of Texas or the city in which the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are generally authorized or obligated by law or executive order to close (a "Business Day"), and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$\_\_\_\_\_ (herein referred to as the "Bonds"), issued pursuant to a certain ordinance of the City (the "Ordinance") for the purpose of providing funds to refund a portion of the City's outstanding debt and to pay the costs of issuing the Bonds.

The Bonds of this series scheduled to mature on and after June 15, 20\_\_ may be redeemed prior to their scheduled maturities, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the option of the City, on June 15, 20\_\_, or on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption.

The Bonds maturing in 20\_\_ (the "Term Bonds") shall be subject to mandatory sinking fund redemption, in whole or in part (at a redemption price equal to the principal amount thereof and any accrued interest thereon to the date set for redemption), on June 15 in each of the years and in the amounts set forth below:

<u>Year</u>	<u>Amount</u>	
20__	\$_____	
20__	\$_____	(final maturity)

The principal amount of a Term Bond required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the City, by the principal amount of any such Term Bond which, prior to the date of mailing of notice of such mandatory redemption, (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bond plus accrued interest to the date of purchase thereof and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional provisions described in the preceding paragraph and not theretofor credited against a mandatory redemption requirement.

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

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

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that ad valorem taxes upon all taxable property in the

City have been levied for and pledged to the payment of the debt service requirements of the Bonds, within the limit prescribed by law.

IN WITNESS WHEREOF, the City has caused this Bond to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Secretary of the City, and the official seal of the City has been duly impressed or placed in facsimile on this Bond.

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City Secretary,  
City of Missouri City, Texas

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Mayor,  
City of Missouri City, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

OFFICE OF THE COMPTROLLER           §  
OF PUBLIC ACCOUNTS                 § REGISTER NO. \_\_\_\_\_  
OF THE STATE OF TEXAS             §

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of Missouri City, Texas, and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, \_\_\_\_\_.

---

Comptroller of Public Accounts  
of the State of Texas

[SEAL]

(c) Form of Certificate of Paying Agent/Registrar.

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the executed Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Ordinance.

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Paying Agent/Registrar

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

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

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

Dated: \_\_\_\_\_

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

Signature Guaranteed:

\_\_\_\_\_  
Authorized Signatory

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

(i) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and the words "CUSIP NUMBER" deleted; and

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above," shall be deleted and the following will be inserted: "on June 15 in each of the years, in the principal installments and bearing interest at the per annum rates in accordance with the following schedule:

Years

Principal  
Installments

Interest  
Rate

(Information to be inserted from  
schedule in Officer's Pricing Certificate)

Section 5.03. CUSIP Registration.

The City may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, New York, New York, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 5.04. Legal Opinion.

The approving legal opinion of Bracewell & Giuliani LLP, Bond Counsel, may be printed on the reverse side of or attached to each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 5.05. Statement of Insurance.

A statement relating to a municipal bond insurance policy, if any, to be issued for the Bonds may be printed on or attached to each Bond.

## **ARTICLE VI**

### **SALE AND DELIVERY OF BONDS, DEPOSIT OF PROCEEDS**

Section 6.01. Sale of Bonds, Official Statement.

(a) The Bonds are hereby officially sold and awarded to and shall be delivered to the Underwriters at the price and on the terms specified in the Bond Purchase Contract and for the price set out in the Officer's Pricing Certificate. The form, terms and provisions of the Bond Purchase Contract are hereby approved and the City Manager is hereby authorized and directed to execute and deliver such Bond Purchase Contract upon completion of the terms thereof in accordance with the Officer's Pricing Certificate. It is hereby officially found, determined and declared that the terms of this sale are the most advantageous reasonably obtainable. The Bonds shall initially be registered in the name of the representative of the Underwriters, or its designee.

(b) The form and substance of the Preliminary Official Statement, and any addenda, supplement or amendment thereto, and the final Official Statement (the "Official Statement") presented to and considered at this meeting, are hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended. The Mayor and City Secretary of the City are hereby authorized and directed to execute the same and deliver appropriate numbers of copies thereof to the Underwriters. The Official Statement as thus approved and delivered, with such appropriate variations as shall be approved by the Mayor of the

City and the Underwriters, may be used by the Underwriters in the public offering and sale thereof. The use and distribution of the Preliminary Official Statement in the public offering of the Bonds by the Underwriters is hereby ratified, approved and confirmed. The City Secretary is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Official Statement and the preliminary public offering of the Bonds by the Underwriters is hereby ratified, approved and confirmed.

(c) All officers of the City are authorized to execute such documents, certificates and receipts, and to make such elections with respect to the tax-exempt status of the Bonds, as they may deem appropriate in order to consummate the delivery of the Bonds.

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

#### Section 6.02. Control and Delivery of Bonds.

(a) The Mayor of the City is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas and registration with, and initial exchange or transfer by, the Paying Agent/Registrar.

(b) After registration by the Comptroller of Public Accounts of the State of Texas, delivery of the Bonds shall be made to the representative of the Underwriters thereof under and subject to the general supervision and direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

(c) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Ordinance have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

**ARTICLE VII**  
**INVESTMENTS**

Section 7.01. Investments.

(a) Money in the Interest and Sinking Fund created by this Ordinance, at the option of the City, may be invested in such securities or obligations as permitted under applicable law as in effect on the date of the investment.

(b) Any securities or obligations in which money in the Interest and Sinking Fund is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund.

Section 7.02. Investment Income.

(a) Interest and income derived from investment of the Interest and Sinking Fund shall be credited to such Fund.

**ARTICLE VIII**  
**PARTICULAR REPRESENTATIONS AND COVENANTS**

Section 8.01. Payment of the Bonds.

On or before each Interest Payment Date for the Bonds and while any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of the Bonds as will accrue or mature on the applicable Interest Payment Date, maturity date or date of prior redemption. Such transfer of funds shall be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar not later than the close of business on the Business Day next preceding the date of payment for the Bonds.

Section 8.02. Other Representations and Covenants.

(a) The City will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in each Bond; the City will promptly pay or cause to be paid the principal of and interest on each Bond on the dates and at the places and manner prescribed in such Bond; and the City will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The City is duly authorized under the laws of the State of Texas to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been

duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the City in accordance with their terms.

Section 8.03. Federal Income Tax Exclusion.

(a) General. The City intends that the interest on the Bonds be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the “Code”), and the applicable Treasury Regulations (the “Regulations”). The City covenants and agrees not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Bonds to be includable in gross income, as defined in section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of Section 103 and 141 through 150 of the Code and the applicable Regulations that is applicable to the Bonds. In particular, the City covenants and agrees to comply with each requirement of this Section 8.03; provided, however, that the City will not be required to comply with any particular requirement of this Section 8.03 if the City has received an opinion of nationally recognized bond counsel (“Counsel’s Opinion”) that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or (ii) compliance with some other requirement set forth in this Section 8.03 will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel’s Opinion will constitute compliance with the corresponding requirement specified in this Section 8.03.

(b) No Private Use or Payment and No Private Loan Financing. The City covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be “private activity bonds” within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the City will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Refunded Obligations have not been and the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “private activity bonds” within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(c) No Federal Guarantee. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code and the applicable Regulations thereunder, except as permitted by section 149(b)(3) of the Code and such Regulations.

(d) No Hedge Bonds. The City covenants and agrees that it has not and will not take any action, and has not knowingly omitted and will not knowingly omit to take

any action, within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code and the Regulations. Moreover, the City will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Refunded Obligations have not been used in a manner that would cause the Refunded Obligations or the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code and the Regulations promulgated thereunder.

(e) No Arbitrage. The City covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder. Moreover, the City will certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Refunded Obligations have not been and the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the applicable Regulations promulgated thereunder.

(f) Arbitrage Rebate. If the City does not qualify for an exception to the requirements of Section 148(f) of the Code relating to the required rebate to the United States, the City will take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the “gross proceeds” of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the City will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the City allocable to other bond issue of the City or moneys that do not represent gross proceeds of any bonds of the City, (ii) determine at such times as are required by applicable Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds, or on such other dates as may be permitted under applicable Regulations, all amounts required to be rebated to the federal government. Further, the City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a larger loss than would have resulted if the arrangement had been at arm’s length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second

calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the applicable Regulations promulgated thereunder.

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

(i) Registration. The Bonds will be issued in registered form.

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

(k) Continuing Obligation. Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of this Section 8.03 will survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

## ARTICLE IX

### DEFAULT AND REMEDIES

#### Section 9.01. Events of Default.

Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, which default materially and adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a

period of sixty (60) days after notice of such default is given by any Owner to the City.

**Section 9.02. Remedies for Default.**

(a) Upon the happening of any Event of Default, then any Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor, may proceed against the City for the purpose of protecting and enforcing the rights of the Owners under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Owners hereunder or any combination of such remedies.

(b) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Owners of Bonds then outstanding.

**Section 9.03. Remedies Not Exclusive.**

(a) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Bonds shall not be available as a remedy under this Ordinance.

(b) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

**ARTICLE X**

**DISCHARGE**

**Section 10.01. Discharge.**

The Bonds may be refunded, discharged or defeased in any manner permitted by applicable law.

**ARTICLE XI**

**CONTINUING DISCLOSURE UNDERTAKING**

**Section 11.01. Annual Reports.**

(a) The City shall provide annually to the MSRB, within six (6) months after the end of each Fiscal Year, financial information and operating data with respect to the City of the general type included in the final Official Statement, being the information

described in **Exhibit C**. Any financial statements so to be provided shall be (i) prepared in accordance with the accounting principles described in **Exhibit C**, and (ii) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the City shall provide notice that audited financial statements are not available and shall provide unaudited financial statements for the applicable Fiscal Year to the MSRB. Thereafter, when and if audited financial statements become available, the City shall provide such audited financial statements as required to the MSRB.

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

(c) The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document) that theretofore has been provided to the MSRB or filed with the SEC.

Section 11.02. Material Event Notices.

(a) The City shall notify the MSRB, in a timely manner, of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

- (i) principal and interest payment delinquencies;
- (ii) nonpayment related defaults;
- (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 or events affecting the tax exempt status of the Bonds;
- (vii) modifications to rights of Owners;
- (viii) bond calls;
- (ix) defeasance;

(x) release, substitution, or sale of property securing repayment of the Bonds;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership, or similar event of the obligated person;

Note to paragraph 12: For the purposes of the event identified in paragraph 12 of this section, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(xiii) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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) the appointment of a successor or additional trustee or the change in the name of the trustee, if material.

(b) The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with Section 11.01 of this Ordinance by the time required by such Section.

(c) The City reserves the right to file all information and notices required under this Article through the facilities of DisclosureUSA or any other central post office approved by the SEC for such purpose.

### Section 11.03. Limitations, Disclaimers and Amendments.

(a) The City shall be obligated to observe and perform the covenants specified in this Article for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Article XI that causes Bonds no longer to be Outstanding.

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

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

(c) No default by the City in observing or performing its obligations under this Article shall comprise a breach of or default under the Ordinance for purposes of any other provisions of this Ordinance.

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

(e) The provisions of this Article may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (i) the provisions of this Article, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (A) the Owners of a majority in aggregate principal amount (or any greater amount required by any other provisions of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (B) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Owners and beneficial owners of the Bonds. The provisions of this Article may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Article, it

shall include with any amended financial information or operating data next provided in accordance with Section 11.01 an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

## ARTICLE XII

### REDEMPTION OF REFUNDED OBLIGATIONS

#### Section 12.01. Redemption of Refunded Obligations.

(a) The Refunded Obligations described on **Schedule I** are hereby called for redemption and shall be redeemed prior to the stated maturity thereof on the respective redemption dates specified in **Schedule I**. The Refunded Obligations shall be redeemed at a redemption price equal to the principal amount thereof plus interest accrued thereon to the redemption date.

(b) The City Secretary is hereby authorized and directed to cause to be delivered to the paying agent/registrars for the Refunded Obligations, notice of redemption of the Refunded Obligations by delivery thereto of a certified copy of this Ordinance, the delivery of such certified copy of this Ordinance to such paying agent/registrars constituting delivery of notice of redemption in accordance with the requirements of the respective ordinances authorizing the issuance of the Refunded Obligations.

(c) The paying agent/registrars for the Refunded Obligations is hereby authorized and directed to give notice of redemption and such other notices which may be required with respect to the Refunded Obligations as required by and in accordance with the terms and provision of the respective ordinances authorizing the issuance of the Refunded Obligations.

## ARTICLE XIII

### EFFECTIVE IMMEDIATELY

#### Section 13.01. Effective Immediately.

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

## ARTICLE XIV

### ENGAGEMENT OF PROFESSIONALS

#### Section 14.01. Engagement of Professionals.

The Authorized Representatives are hereby authorized to engage the underwriting syndicate, in connection with the issuance and sale of the Bonds, which

shall be reflected in the Officer's Pricing Certificate. The prior engagements of First Southwest Company, as Financial Advisor and Bracewell & Giuliani LLP, as Bond Counsel, to the City in connection with the Bonds, is hereby recognized and confirmed.

PASSED, APPROVED and ADOPTED on first and final reading this \_\_\_\_ day of \_\_\_\_\_, 2016, with \_\_ members voting yes, \_\_ members voting no, and \_\_ members abstaining.

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Allen Owen, Mayor

ATTEST:

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Maria Jackson, City Secretary

APPROVED AS TO FORM:

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E. Joyce Iyamu, City Attorney

**EXHIBIT A**  
**FORM OF**  
**OFFICER'S PRICING CERTIFICATE**

CITY OF MISSOURI CITY, TEXAS

GENERAL OBLIGATION REFUNDING BONDS, SERIES 2016B

THIS OFFICER'S PRICING CERTIFICATE is executed as of \_\_\_\_\_, 2016 by the \_\_\_\_\_, Missouri City Texas (the "City") pursuant to the authorization contained in Ordinance of the City Council of the City adopted on January \_\_\_\_, 2016 (the "Ordinance"), authorizing the issuance of the captioned series of bonds and delegating to the undersigned the authority to agree to and stipulate certain terms and provisions thereof, all of which are set forth herein.

Capitalized terms used in this Officer's Pricing Certificate shall have the meanings assigned to them in the Ordinance.

1. Principal Amount, Numbers, Interest Rates and Maturities. The Bonds shall be issued in the total authorized principal amount of \$\_\_\_\_\_. The Bonds shall mature on June 15 in each of the years and in the amounts set out in the following schedule:

<u>Number</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
R-1			
R-2			
R-3			
R-4			
R-5			

2. Redemption.

*Optional Redemption.* The Bonds stated to mature on and after June 1, 20\_\_ are subject to optional redemption prior to maturity, in whole or in part, on June 1, 20\_\_ or any date thereafter, at a redemption price of par plus accrued interest to the date of redemption.

*Mandatory Redemption.* The Bonds maturing on June 1, 20\_\_ are subject to mandatory sinking fund redemption on June 1, in the years and respective redemption amounts set forth below at a redemption price of par plus accrued interest to the date of redemption:

<u>Year</u>	<u>Amount</u>	
20__	\$_____	
20__	\$_____	(final maturity)

3. Purchase Price. The sale of the Bonds is authorized pursuant to the form of Bond Purchase Contract approved in the Ordinance at the following price:

PRINCIPAL AMOUNT	\$
Plus Original Issue Premium	
Less Original Issue Discount	
Less Underwriter's Discount	
PURCHASE PRICE	\$

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4. Form of Bond. Pursuant to Article III of the Ordinance, the Form of Bond as set forth in Exhibit A hereto is hereby approved and supercedes the Form of Bond set forth in the Ordinance.

5. The undersigned hereby finds, determines and declares, that in accordance with the requirements of the Ordinance, this Officer's Pricing Certificate complies with and satisfies the terms and provisions of the Ordinance in accordance with the delegation contained therein.

6. Pursuant to Section 3.01A of the Ordinance, I hereby further find and determine that:

a. The price to be paid for the Bonds is not less than 90% of the aggregate original amount of the Bonds;

b. None of the Bonds bear interest at a rate greater than 15% per annum or in excess of the maximum rate allowed by Chapter 1204, Texas Government Code, as amended;

c. The aggregate principal amount of the Bonds allocated to the refunding of the Refunded Obligations is equal to an amount sufficient to provide for the refunding of an amount of the Refunded Obligations that will result in a reduction in debt service costs to the City on a present value basis of at least 3.0%; and

d. The Bonds have been rated by a nationally recognized rating agency for municipal securities in one of the four highest rating categories for long-term obligations.

7. Deposit of Proceeds.

a. All amounts received on the Closing Date as accrued interest on the Bonds from the Bond Date to the Closing Date, shall be deposited to the Interest and Sinking Fund.

b. The amount of \$\_\_\_\_\_, which amount includes \$\_\_\_\_\_, which shall be transferred from the interest and sinking fund for the Refunded Obligations, shall be deposited with the Paying Agent for paying of the Refunded Obligations.

c. The remaining balance shall be used to pay the costs of issuing the Bonds; provided that any amount representing a rounding or contingency amount shall be applied solely to pay costs of issuance of the Bonds. Amounts remaining after payment of costs of issuance shall be deposited to the Interest and Sinking Fund and applied to the payment of debt service on the Bonds.

All capitalized terms used herein have the meanings set forth in the Ordinance unless otherwise defined herein.

8. \_\_\_\_\_ is hereby engaged to serve as the underwriter, in connection with the issuance and sale of the Bonds.

<EXECUTION PAGE FOLLOWS>

EXECUTED as of this \_\_\_\_\_, 2016.

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[Title]

EXHIBIT A TO OFFICER'S PRICING CERTIFICATE

FORM OF BOND

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

(d) Form of Bonds.

REGISTERED

REGISTERED

No. \_\_\_\_\_

\$\_\_\_\_\_

United States of America  
State of Texas

CITY OF MISSOURI CITY, TEXAS  
GENERAL OBLIGATION REFUNDING BONDS  
SERIES 2016B

INTEREST RATE:      MATURITY DATE:      BOND DATE:      CUSIP NUMBER:

\_\_\_\_\_ %      June 15, \_\_\_\_\_, 2016      \_\_\_\_\_

The City of Missouri City, Texas (the "City"), in Fort Bend and Harris Counties, State of Texas, for value received, hereby promises to pay to

\_\_\_\_\_

or registered assigns, on the Maturity Date specified above, the sum of

\_\_\_\_\_ DOLLARS

unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Bond Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on June 15 and December 15 of each year, commencing June 15, 2015.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the designated office in Dallas, Texas, of Wells Fargo Bank,

National Association, as Paying Agent/Registrar (the "Designated Payment/Transfer Office"), or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, and will be mailed on or before such interest payment date, by United States mail, first class, postage prepaid, by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days (as hereinafter defined) prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond is not a Business Day, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday, or day on which banking institutions in the State of Texas or the city in which the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are generally authorized or obligated by law or executive order to close (a "Business Day"), and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$\_\_\_\_\_ (herein referred to as the "Bonds"), issued pursuant to a certain ordinance of the City (the "Ordinance") for the purpose of providing funds to refund a portion of the City's outstanding debt and to pay the costs of issuing the Bonds.

The Bonds of this series scheduled to mature on and after June 15, 20\_\_ may be redeemed prior to their scheduled maturities, in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the option of the City, on June 15, 20\_\_, or on any date thereafter, at the redemption price of par plus accrued interest to the date fixed for redemption.

The Bonds maturing in 20\_\_ (the "Term Bonds") shall be subject to mandatory sinking fund redemption, in whole or in part (at a redemption price equal to the principal amount thereof and any accrued interest thereon to the date set for redemption), on

June 15 in each of the years and in the amounts set forth below:

<u>Year</u>	<u>Amount</u>	
20__	\$_____	
20__	\$_____	(final maturity)

The principal amount of a Term Bond required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the City, by the principal amount of any such Term Bond which, prior to the date of mailing of notice of such mandatory redemption, (i) shall have been acquired by the City at a price not exceeding the principal amount of such Term Bond plus accrued interest to the date of purchase thereof and delivered to the Paying Agent/Registrar for cancellation or (ii) shall have been redeemed pursuant to the optional provisions described in the preceding paragraph and not theretofor credited against a mandatory redemption requirement.

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

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

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law and has been authorized by a vote of the properly qualified electors of the City; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that ad valorem taxes upon all taxable property in the City have been levied for and pledged to the payment of the debt service requirements of the Bonds, within the limit prescribed by law.

IN WITNESS WHEREOF, the City has caused this Bond to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Secretary of the City, and the official seal of the City has been duly impressed or placed in facsimile on this Bond.

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City Secretary,  
City of Missouri City, Texas

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Mayor,  
City of Missouri City, Texas

[SEAL]

(e) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

OFFICE OF THE COMPTROLLER           §  
OF PUBLIC ACCOUNTS                 § REGISTER NO. \_\_\_\_\_  
OF THE STATE OF TEXAS               §

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of Missouri City, Texas, and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, \_\_\_\_\_.

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

[SEAL]

(f) Form of Certificate of Paying Agent/Registrar.

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the executed Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Ordinance.

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Paying Agent/Registrar

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

(g) Form of Assignment.

ASSIGNMENT

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

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

Dated: \_\_\_\_\_

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

Signature Guaranteed:

\_\_\_\_\_  
Authorized Signatory

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

(i) immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall both be completed with the words "As shown below" and the words "CUSIP NUMBER" deleted; and

(ii) in the first paragraph of the Bond, the words "on the Maturity Date specified above," shall be deleted and the following will be inserted: "on June 15 in each of the years, in the principal installments and bearing interest at the per annum rates in accordance with the following schedule:

Years

Principal  
Installments

Interest  
Rate

(Information to be inserted from  
schedule in Section 3.02 of the Ordinance)

EXHIBIT B TO OFFICER'S PRICING CERTIFICATE  
REFUNDED OBLIGATIONS

**EXHIBIT B**  
**PAYING AGENT/REGISTRAR AGREEMENT**

## **EXHIBIT C**

### **DESCRIPTION OF ANNUAL DISCLOSURE OF FINANCIAL INFORMATION**

The following information is referred to in Article XI of this Ordinance.

#### **Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the City to be provided annually in accordance with such Article are as specified (and included in the Appendix or other headings of the Official Statement referred to) below:

1. The portions of the financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded Fiscal Year.
2. Statistical and financial data set forth in Tables numbered 1 through 6 and 8 through 15, each inclusive.

#### **Accounting Principles**

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements referred to in Paragraph 1 above, as such principles may be changed from time to time to comply with State law.

## SCHEDULE I

### REFUNDED OBLIGATIONS

The following bonds previously issued by the City of Missouri City, Texas, may be refunded from a portion of the proceeds of the Bonds.

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2007, 2007:					
SERIAL	06/15/2017	3.750%	480,000.00	06/15/2016	100.000
	06/15/2018	3.750%	495,000.00	06/15/2016	100.000
	06/15/2019	3.750%	515,000.00	06/15/2016	100.000
	06/15/2020	3.800%	540,000.00	06/15/2016	100.000
	06/15/2021	3.850%	560,000.00	06/15/2016	100.000
	06/15/2022	3.875%	580,000.00	06/15/2016	100.000
	06/15/2023	3.900%	605,000.00	06/15/2016	100.000
	06/15/2024	4.000%	630,000.00	06/15/2016	100.000
	06/15/2025	4.000%	655,000.00	06/15/2016	100.000
	06/15/2026	4.000%	680,000.00	06/15/2016	100.000
	06/15/2027	4.000%	710,000.00	06/15/2016	100.000
			6,450,000.00		
Combination Tax & Revenue Certificates of Obligation, Series 2008, 2008:					
SERIAL	06/15/2018	3.500%	110,000.00	06/15/2017	100.000
	06/15/2019	3.750%	120,000.00	06/15/2017	100.000
	06/15/2020	3.750%	125,000.00	06/15/2017	100.000
	06/15/2021	4.000%	130,000.00	06/15/2017	100.000
	06/15/2022	4.000%	135,000.00	06/15/2017	100.000
	06/15/2023	4.000%	145,000.00	06/15/2017	100.000
	06/15/2024	4.125%	150,000.00	06/15/2017	100.000
	06/15/2025	4.125%	160,000.00	06/15/2017	100.000
	06/15/2026	4.250%	165,000.00	06/15/2017	100.000
	06/15/2027	4.250%	175,000.00	06/15/2017	100.000
	06/15/2028	4.250%	185,000.00	06/15/2017	100.000
			1,600,000.00		
Combination Tax & Revenue Certificates of Obligation, Series 2008A, 2008A:					
SERIAL	12/15/2018	4.000%	665,000.00	06/15/2018	100.000
	12/15/2019	4.125%	690,000.00	06/15/2018	100.000
	12/15/2020	4.375%	720,000.00	06/15/2018	100.000
	12/15/2021	4.500%	755,000.00	06/15/2018	100.000
	12/15/2022	4.500%	790,000.00	06/15/2018	100.000
	12/15/2023	4.750%	825,000.00	06/15/2018	100.000
	12/15/2024	4.750%	865,000.00	06/15/2018	100.000
	12/15/2025	4.750%	910,000.00	06/15/2018	100.000
	12/15/2026	4.875%	955,000.00	06/15/2018	100.000
	12/15/2027	5.000%	1,000,000.00	06/15/2018	100.000
	12/15/2028	5.000%	1,050,000.00	06/15/2018	100.000
	12/15/2029	5.000%	1,105,000.00	06/15/2018	100.000
			10,330,000.00		
General Obligation Bonds, Series 2008A, 2008A_GO:					
SERIAL	06/15/2019	4.125%	1,035,000.00	06/15/2018	100.000
	06/15/2020	4.750%	1,080,000.00	06/15/2018	100.000
	06/15/2021	4.250%	1,130,000.00	06/15/2018	100.000
	06/15/2022	4.500%	1,180,000.00	06/15/2018	100.000
	06/15/2023	4.750%	1,230,000.00	06/15/2018	100.000
	06/15/2024	4.750%	1,290,000.00	06/15/2018	100.000
	06/15/2025	4.750%	1,350,000.00	06/15/2018	100.000
	06/15/2026	4.750%	1,415,000.00	06/15/2018	100.000
	06/15/2027	4.875%	1,485,000.00	06/15/2018	100.000
	06/15/2028	5.000%	1,555,000.00	06/15/2018	100.000
			12,750,000.00		

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2008, 2008 GO:					
SERIAL	06/15/2018	4.000%	270,000.00	06/15/2017	100.000
	06/15/2019	4.000%	280,000.00	06/15/2017	100.000
	06/15/2020	4.000%	295,000.00	06/15/2017	100.000
	06/15/2021	4.000%	310,000.00	06/15/2017	100.000
	06/15/2022	4.000%	325,000.00	06/15/2017	100.000
	06/15/2023	4.000%	340,000.00	06/15/2017	100.000
	06/15/2024	4.125%	360,000.00	06/15/2017	100.000
	06/15/2025	4.200%	375,000.00	06/15/2017	100.000
	06/15/2026	4.250%	395,000.00	06/15/2017	100.000
	06/15/2027	4.300%	415,000.00	06/15/2017	100.000
	06/15/2028	4.350%	435,000.00	06/15/2017	100.000
			3,800,000.00		
Combination Tax & Revenue Certificates of Obligation, Series 2009A, 2009A:					
SERIAL	06/15/2019	4.100%	150,000.00	06/15/2018	100.000
	06/15/2020	4.250%	155,000.00	06/15/2018	100.000
	06/15/2021	4.400%	160,000.00	06/15/2018	100.000
	06/15/2022	4.500%	170,000.00	06/15/2018	100.000
	06/15/2023	4.600%	175,000.00	06/15/2018	100.000
	06/15/2024	4.700%	185,000.00	06/15/2018	100.000
	06/15/2025	4.750%	195,000.00	06/15/2018	100.000
	06/15/2026	4.900%	205,000.00	06/15/2018	100.000
	06/15/2027	5.000%	215,000.00	06/15/2018	100.000
	06/15/2028	5.000%	225,000.00	06/15/2018	100.000
	06/15/2029	5.000%	235,000.00	06/15/2018	100.000
	06/15/2030	5.125%	245,000.00	06/15/2018	100.000
	06/15/2031	5.125%	260,000.00	06/15/2018	100.000
	06/15/2032	5.125%	270,000.00	06/15/2018	100.000
	06/15/2033	5.125%	285,000.00	06/15/2018	100.000
	06/15/2034	5.125%	300,000.00	06/15/2018	100.000
	06/15/2035	5.125%	315,000.00	06/15/2018	100.000
	06/15/2036	5.125%	335,000.00	06/15/2018	100.000
	06/15/2037	5.125%	350,000.00	06/15/2018	100.000
	06/15/2038	5.125%	365,000.00	06/15/2018	100.000
			4,795,000.00		
			39,725,000.00		

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FSC Daily Scales, 'Aa' Rated Non-BQ  
as of January 7, 2016  
SCENARIO 3: Call Dates Through 2018  
\*\*\*Preliminary; For Discussion Purposes Only\*\*\*

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SOURCES AND USES OF FUNDS

City of Missouri City, Texas  
GO Refunding Bonds, Series 2016  
FSC Daily Scales, 'Aa' Rated Non-BQ  
as of January 7, 2016  
SCENARIO 3: Call Dates Through 2018  
\*\*\*Preliminay; For Discussion Purposes Only\*\*\*

Dated Date           04/01/2016  
Delivery Date       04/01/2016

Sources:

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Bond Proceeds:

Par Amount	34,980,000.00
Net Premium	<u>6,898,915.75</u>
	41,878,915.75

Other Sources of Funds:

Debt Service Fund Transfer	534,725.24
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42,413,640.99

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Uses:

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Refunding Escrow Deposits:

Cash Deposit	0.42
SLGS Purchases	<u>42,063,811.00</u>
	42,063,811.42

Delivery Date Expenses:

Cost of Issuance	174,900.00
Underwriter's Discount	<u>174,900.00</u>
	349,800.00

Other Uses of Funds:

Rounding Amount	29.57
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42,413,640.99

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SUMMARY OF REFUNDING RESULTS

City of Missouri City, Texas  
GO Refunding Bonds, Series 2016  
FSC Daily Scales, 'Aa' Rated Non-BQ  
as of January 7, 2016  
SCENARIO 3: Call Dates Through 2018  
\*\*\*Preliminary; For Discussion Purposes Only\*\*\*

Dated Date	04/01/2016
Delivery Date	04/01/2016
Arbitrage yield	2.101762%
Escrow yield	0.956163%
Value of Negative Arbitrage	793,541.95
Bond Par Amount	34,980,000.00
True Interest Cost	2.277544%
Net Interest Cost	2.541155%
All-In TIC	2.336128%
Average Coupon	4.778687%
Average Life	8.591
Weighted Average Maturity	8.604
Par amount of refunded bonds	39,060,000.00
Average coupon of refunded bonds	4.654167%
Average life of refunded bonds	8.813
Remaining weighted average maturity of refunded bonds	8.813
PV of prior debt to 04/01/2016 @ 2.336128%	46,570,133.31
Net PV Savings	4,506,321.89
Percentage savings of refunded bonds	11.536922%

SAVINGS

City of Missouri City, Texas  
 GO Refunding Bonds, Series 2016  
 FSC Daily Scales, 'Aa' Rated Non-BQ  
 as of January 7, 2016  
 SCENARIO 3: Call Dates Through 2018  
 \*\*\*Preliminary; For Discussion Purposes Only\*\*\*

Date	Prior Debt Service	Prior Receipts	Prior Net Cash Flow	Refunding Debt Service	Savings	Present Value to 04/01/2016 @ 2.3361284%
06/15/2016	881,498.75	534,725.24	346,773.51	346,773.51		-2,546.81
06/15/2017	2,242,997.50		2,242,997.50	1,982,006.26	260,991.24	254,216.38
06/15/2018	2,619,997.50		2,619,997.50	2,361,106.26	258,891.24	246,317.74
06/15/2019	3,811,785.00		3,811,785.00	3,550,706.26	261,078.74	242,623.80
06/15/2020	4,498,697.51		4,498,697.51	4,241,206.26	257,491.25	241,165.94
06/15/2021	4,498,821.26		4,498,821.26	4,237,456.26	261,365.00	239,426.09
06/15/2022	4,506,858.76		4,506,858.76	4,247,206.26	259,652.50	232,874.04
06/15/2023	4,510,471.26		4,510,471.26	4,249,456.26	261,015.00	229,086.04
06/15/2024	4,518,632.51		4,518,632.51	4,259,206.26	259,426.25	222,900.82
06/15/2025	4,522,287.51		4,522,287.51	4,260,706.26	261,581.25	219,939.09
06/15/2026	4,528,193.76		4,528,193.76	4,268,956.26	259,237.50	213,495.44
06/15/2027	4,540,045.63		4,540,045.63	4,278,206.26	261,839.37	211,046.52
06/15/2028	3,799,941.26		3,799,941.26	3,537,956.26	261,985.00	206,737.03
06/15/2029	1,517,906.26		1,517,906.26	1,260,206.26	257,700.00	199,254.26
06/15/2030	1,517,281.26		1,517,281.26	1,254,606.26	262,675.00	198,640.18
06/15/2031	387,100.00		387,100.00	127,406.26	259,693.74	182,834.22
06/15/2032	383,775.00		383,775.00	124,406.26	259,368.74	178,372.22
06/15/2033	384,937.50		384,937.50	126,406.26	258,531.24	173,673.05
06/15/2034	385,331.26		385,331.26	123,256.26	262,075.00	171,963.79
06/15/2035	384,956.26		384,956.26	124,975.00	259,981.26	166,630.30
06/15/2036	388,812.50		388,812.50	126,537.50	262,275.00	164,192.95
06/15/2037	386,643.76		386,643.76	127,800.00	258,843.76	158,278.65
06/15/2038	383,706.26		383,706.26	123,900.00	259,806.26	155,170.57
	55,600,678.27	534,725.24	55,065,953.03	49,340,448.69	5,725,504.34	4,506,292.32

Savings Summary

Dated Date	04/01/2016
Delivery Date	04/01/2016
PV of savings from cash flow	4,506,292.32
Plus: Refunding funds on hand	29.57
Net PV Savings	4,506,321.89

## BOND SUMMARY STATISTICS

City of Missouri City, Texas  
 GO Refunding Bonds, Series 2016  
 FSC Daily Scales, 'Aa' Rated Non-BQ  
 as of January 7, 2016  
 SCENARIO 3: Call Dates Through 2018  
 \*\*\*Preliminary; For Discussion Purposes Only\*\*\*

Dated Date	04/01/2016
Delivery Date	04/01/2016
First Coupon	06/15/2016
Last Maturity	06/15/2038
Arbitrage Yield	2.101762%
True Interest Cost (TIC)	2.277544%
Net Interest Cost (NIC)	2.541155%
All-In TIC	2.336128%
Average Coupon	4.778687%
Average Life (years)	8.591
Duration of Issue (years)	7.261
Par Amount	34,980,000.00
Bond Proceeds	41,878,915.75
Total Interest	14,360,448.69
Net Interest	7,636,432.94
Total Debt Service	49,340,448.69
Maximum Annual Debt Service	4,278,206.26
Average Annual Debt Service	2,221,986.68
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	5.000000
Total Underwriter's Discount	5.000000
Bid Price	119.222458

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Bond Component	34,980,000.00	119.722	4.779%	8.591	28,306.00
	34,980,000.00			8.591	28,306.00

	TIC	All-In TIC	Arbitrage Yield
Par Value	34,980,000.00	34,980,000.00	34,980,000.00
+ Accrued Interest			
+ Premium (Discount)	6,898,915.75	6,898,915.75	6,898,915.75
- Underwriter's Discount	-174,900.00	-174,900.00	
- Cost of Issuance Expense		-174,900.00	
- Other Amounts			
Target Value	41,704,015.75	41,529,115.75	41,878,915.75
Target Date	04/01/2016	04/01/2016	04/01/2016
Yield	2.277544%	2.336128%	2.101762%

**BOND PRICING**

City of Missouri City, Texas  
 GO Refunding Bonds, Series 2016  
 FSC Daily Scales, 'Aa' Rated Non-BQ  
 as of January 7, 2016  
 SCENARIO 3: Call Dates Through 2018  
 \*\*\*Preliminary; For Discussion Purposes Only\*\*\*

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Yield to Maturity	Call Date	Call Price	Premium (-Discount)
Bond Component:									
	06/15/2017	295,000	2.000%	0.810%	101.424				4,200.80
	06/15/2018	680,000	3.000%	0.970%	104.418				30,042.40
	06/15/2019	1,890,000	5.000%	1.140%	112.114				228,954.60
	06/15/2020	2,675,000	5.000%	1.280%	115.181				406,091.75
	06/15/2021	2,805,000	5.000%	1.400%	118.010				505,180.50
	06/15/2022	2,955,000	5.000%	1.540%	120.400				602,820.00
	06/15/2023	3,105,000	5.000%	1.720%	122.136				687,322.80
	06/15/2024	3,270,000	5.000%	1.880%	123.619				772,341.30
	06/15/2025	3,435,000	5.000%	2.060%	124.535				842,777.25
	06/15/2026	3,615,000	5.000%	2.220%	125.259				913,112.85
	06/15/2027	3,805,000	5.000%	2.310%	124.329	2.497%	06/15/2026	100.000	925,718.45
	06/15/2028	3,255,000	5.000%	2.390%	123.509	2.723%	06/15/2026	100.000	765,217.95
	06/15/2029	1,140,000	4.000%	2.770%	110.866	2.997%	06/15/2026	100.000	123,872.40
	06/15/2030	1,180,000	4.000%	2.930%	109.376	3.175%	06/15/2026	100.000	110,636.80
	06/15/2031	100,000	3.000%	3.100%	98.792				-1,208.00
	06/15/2032	100,000	3.000%	3.150%	98.104				-1,896.00
	06/15/2033	105,000	3.000%	3.200%	97.366				-2,765.70
	06/15/2034	105,000	3.125%	3.250%	98.289				-1,796.55
	06/15/2035	110,000	3.125%	3.300%	97.522				-2,725.80
	06/15/2036	115,000	3.250%	3.350%	98.537				-1,682.45
	06/15/2037	120,000	3.250%	3.450%	97.006				-3,592.80
	06/15/2038	120,000	3.250%	3.450%	96.911				-3,706.80
		34,980,000							6,898,915.75

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BOND PRICING

City of Missouri City, Texas  
GO Refunding Bonds, Series 2016  
FSC Daily Scales, 'Aa' Rated Non-BQ  
as of January 7, 2016  
SCENARIO 3: Call Dates Through 2018  
\*\*\*Preliminary; For Discussion Purposes Only\*\*\*

Dated Date	04/01/2016	
Delivery Date	04/01/2016	
First Coupon	06/15/2016	
Par Amount	34,980,000.00	
Premium	6,898,915.75	
	<hr/>	
Production	41,878,915.75	119.722458%
Underwriter's Discount	-174,900.00	-0.500000%
	<hr/>	
Purchase Price	41,704,015.75	119.222458%
Accrued Interest		
	<hr/>	
Net Proceeds	41,704,015.75	

SUMMARY OF BONDS REFUNDED

City of Missouri City, Texas  
 GO Refunding Bonds, Series 2016  
 FSC Daily Scales, 'Aa' Rated Non-BQ  
 as of January 7, 2016  
 SCENARIO 3: Call Dates Through 2018  
 \*\*\*Preliminary; For Discussion Purposes Only\*\*\*

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2007, 2007:					
SERIAL	06/15/2017	3.750%	480,000.00	06/15/2016	100.000
	06/15/2018	3.750%	495,000.00	06/15/2016	100.000
	06/15/2019	3.750%	515,000.00	06/15/2016	100.000
	06/15/2020	3.800%	540,000.00	06/15/2016	100.000
	06/15/2021	3.850%	560,000.00	06/15/2016	100.000
	06/15/2022	3.875%	580,000.00	06/15/2016	100.000
	06/15/2023	3.900%	605,000.00	06/15/2016	100.000
	06/15/2024	4.000%	630,000.00	06/15/2016	100.000
	06/15/2025	4.000%	655,000.00	06/15/2016	100.000
	06/15/2026	4.000%	680,000.00	06/15/2016	100.000
	06/15/2027	4.000%	710,000.00	06/15/2016	100.000
			<u>6,450,000.00</u>		
Combination Tax & Revenue Certificates of Obligation, Series 2008, 2008:					
SERIAL	06/15/2018	3.500%	110,000.00	06/15/2017	100.000
	06/15/2019	3.750%	120,000.00	06/15/2017	100.000
	06/15/2020	3.750%	125,000.00	06/15/2017	100.000
	06/15/2021	4.000%	130,000.00	06/15/2017	100.000
	06/15/2022	4.000%	135,000.00	06/15/2017	100.000
	06/15/2023	4.000%	145,000.00	06/15/2017	100.000
	06/15/2024	4.125%	150,000.00	06/15/2017	100.000
	06/15/2025	4.125%	160,000.00	06/15/2017	100.000
	06/15/2026	4.250%	165,000.00	06/15/2017	100.000
	06/15/2027	4.250%	175,000.00	06/15/2017	100.000
	06/15/2028	4.250%	185,000.00	06/15/2017	100.000
			<u>1,600,000.00</u>		
Combination Tax & Revenue Certificates of Obligation, Series 2008A, 2008A:					
SERIAL	12/15/2019	4.125%	690,000.00	06/15/2018	100.000
	12/15/2020	4.375%	720,000.00	06/15/2018	100.000
	12/15/2021	4.500%	755,000.00	06/15/2018	100.000
	12/15/2022	4.500%	790,000.00	06/15/2018	100.000
	12/15/2023	4.750%	825,000.00	06/15/2018	100.000
	12/15/2024	4.750%	865,000.00	06/15/2018	100.000
	12/15/2025	4.750%	910,000.00	06/15/2018	100.000
	12/15/2026	4.875%	955,000.00	06/15/2018	100.000
	12/15/2027	5.000%	1,000,000.00	06/15/2018	100.000
	12/15/2028	5.000%	1,050,000.00	06/15/2018	100.000
	12/15/2029	5.000%	1,105,000.00	06/15/2018	100.000
			<u>9,665,000.00</u>		
General Obligation Bonds, Series 2008A, 2008A_GO:					
SERIAL	06/15/2019	4.125%	1,035,000.00	06/15/2018	100.000
	06/15/2020	4.750%	1,080,000.00	06/15/2018	100.000
	06/15/2021	4.250%	1,130,000.00	06/15/2018	100.000
	06/15/2022	4.500%	1,180,000.00	06/15/2018	100.000
	06/15/2023	4.750%	1,230,000.00	06/15/2018	100.000
	06/15/2024	4.750%	1,290,000.00	06/15/2018	100.000
	06/15/2025	4.750%	1,350,000.00	06/15/2018	100.000
	06/15/2026	4.750%	1,415,000.00	06/15/2018	100.000
	06/15/2027	4.875%	1,485,000.00	06/15/2018	100.000
	06/15/2028	5.000%	1,555,000.00	06/15/2018	100.000
			<u>12,750,000.00</u>		
General Obligation Bonds, Series 2008, 2008_GO:					
SERIAL	06/15/2018	4.000%	270,000.00	06/15/2017	100.000

SUMMARY OF BONDS REFUNDED

City of Missouri City, Texas  
 GO Refunding Bonds, Series 2016  
 FSC Daily Scales, 'Aa' Rated Non-BQ  
 as of January 7, 2016  
 SCENARIO 3: Call Dates Through 2018  
 \*\*\*Preliminary; For Discussion Purposes Only\*\*\*

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price
General Obligation Bonds, Series 2008, 2008_GO:					
SERIAL	06/15/2019	4.000%	280,000.00	06/15/2017	100.000
	06/15/2020	4.000%	295,000.00	06/15/2017	100.000
	06/15/2021	4.000%	310,000.00	06/15/2017	100.000
	06/15/2022	4.000%	325,000.00	06/15/2017	100.000
	06/15/2023	4.000%	340,000.00	06/15/2017	100.000
	06/15/2024	4.125%	360,000.00	06/15/2017	100.000
	06/15/2025	4.200%	375,000.00	06/15/2017	100.000
	06/15/2026	4.250%	395,000.00	06/15/2017	100.000
	06/15/2027	4.300%	415,000.00	06/15/2017	100.000
	06/15/2028	4.350%	435,000.00	06/15/2017	100.000
			3,800,000.00		
Combination Tax & Revenue Certificates of Obligation, Series 2009A, 2009A:					
SERIAL	06/15/2019	4.100%	150,000.00	06/15/2018	100.000
	06/15/2020	4.250%	155,000.00	06/15/2018	100.000
	06/15/2021	4.400%	160,000.00	06/15/2018	100.000
	06/15/2022	4.500%	170,000.00	06/15/2018	100.000
	06/15/2023	4.600%	175,000.00	06/15/2018	100.000
	06/15/2024	4.700%	185,000.00	06/15/2018	100.000
	06/15/2025	4.750%	195,000.00	06/15/2018	100.000
	06/15/2026	4.900%	205,000.00	06/15/2018	100.000
	06/15/2027	5.000%	215,000.00	06/15/2018	100.000
	06/15/2028	5.000%	225,000.00	06/15/2018	100.000
	06/15/2029	5.000%	235,000.00	06/15/2018	100.000
	06/15/2030	5.125%	245,000.00	06/15/2018	100.000
	06/15/2031	5.125%	260,000.00	06/15/2018	100.000
	06/15/2032	5.125%	270,000.00	06/15/2018	100.000
	06/15/2033	5.125%	285,000.00	06/15/2018	100.000
	06/15/2034	5.125%	300,000.00	06/15/2018	100.000
	06/15/2035	5.125%	315,000.00	06/15/2018	100.000
	06/15/2036	5.125%	335,000.00	06/15/2018	100.000
	06/15/2037	5.125%	350,000.00	06/15/2018	100.000
	06/15/2038	5.125%	365,000.00	06/15/2018	100.000
			4,795,000.00		
			39,060,000.00		

**BOND DEBT SERVICE**

City of Missouri City, Texas  
 GO Refunding Bonds, Series 2016  
 FSC Daily Scales, 'Aa' Rated Non-BQ  
 as of January 7, 2016  
 SCENARIO 3: Call Dates Through 2018  
 \*\*\*Preliminary; For Discussion Purposes Only\*\*\*

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2016			346,773.51	346,773.51	346,773.51
12/15/2016			843,503.13	843,503.13	
06/15/2017	295,000	2.000%	843,503.13	1,138,503.13	1,982,006.26
12/15/2017			840,553.13	840,553.13	
06/15/2018	680,000	3.000%	840,553.13	1,520,553.13	2,361,106.26
12/15/2018			830,353.13	830,353.13	
06/15/2019	1,890,000	5.000%	830,353.13	2,720,353.13	3,550,706.26
12/15/2019			783,103.13	783,103.13	
06/15/2020	2,675,000	5.000%	783,103.13	3,458,103.13	4,241,206.26
12/15/2020			716,228.13	716,228.13	
06/15/2021	2,805,000	5.000%	716,228.13	3,521,228.13	4,237,456.26
12/15/2021			646,103.13	646,103.13	
06/15/2022	2,955,000	5.000%	646,103.13	3,601,103.13	4,247,206.26
12/15/2022			572,228.13	572,228.13	
06/15/2023	3,105,000	5.000%	572,228.13	3,677,228.13	4,249,456.26
12/15/2023			494,603.13	494,603.13	
06/15/2024	3,270,000	5.000%	494,603.13	3,764,603.13	4,259,206.26
12/15/2024			412,853.13	412,853.13	
06/15/2025	3,435,000	5.000%	412,853.13	3,847,853.13	4,260,706.26
12/15/2025			326,978.13	326,978.13	
06/15/2026	3,615,000	5.000%	326,978.13	3,941,978.13	4,268,956.26
12/15/2026			236,603.13	236,603.13	
06/15/2027	3,805,000	5.000%	236,603.13	4,041,603.13	4,278,206.26
12/15/2027			141,478.13	141,478.13	
06/15/2028	3,255,000	5.000%	141,478.13	3,396,478.13	3,537,956.26
12/15/2028			60,103.13	60,103.13	
06/15/2029	1,140,000	4.000%	60,103.13	1,200,103.13	1,260,206.26
12/15/2029			37,303.13	37,303.13	
06/15/2030	1,180,000	4.000%	37,303.13	1,217,303.13	1,254,606.26
12/15/2030			13,703.13	13,703.13	
06/15/2031	100,000	3.000%	13,703.13	113,703.13	127,406.26
12/15/2031			12,203.13	12,203.13	
06/15/2032	100,000	3.000%	12,203.13	112,203.13	124,406.26
12/15/2032			10,703.13	10,703.13	
06/15/2033	105,000	3.000%	10,703.13	115,703.13	126,406.26
12/15/2033			9,128.13	9,128.13	
06/15/2034	105,000	3.125%	9,128.13	114,128.13	123,256.26
12/15/2034			7,487.50	7,487.50	
06/15/2035	110,000	3.125%	7,487.50	117,487.50	124,975.00
12/15/2035			5,768.75	5,768.75	
06/15/2036	115,000	3.250%	5,768.75	120,768.75	126,537.50
12/15/2036			3,900.00	3,900.00	
06/15/2037	120,000	3.250%	3,900.00	123,900.00	127,800.00
12/15/2037			1,950.00	1,950.00	
06/15/2038	120,000	3.250%	1,950.00	121,950.00	123,900.00
	34,980,000		14,360,448.69	49,340,448.69	49,340,448.69

PRIOR BOND DEBT SERVICE

City of Missouri City, Texas  
 GO Refunding Bonds, Series 2016  
 FSC Daily Scales, 'Aa' Rated Non-BQ  
 as of January 7, 2016  
 SCENARIO 3: Call Dates Through 2018  
 \*\*\*Preliminary; For Discussion Purposes Only\*\*\*

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/15/2016			881,498.75	881,498.75	881,498.75
12/15/2016			881,498.75	881,498.75	
06/15/2017	480,000	3.750%	881,498.75	1,361,498.75	2,242,997.50
12/15/2017			872,498.75	872,498.75	
06/15/2018	875,000	** %	872,498.75	1,747,498.75	2,619,997.50
12/15/2018			855,892.50	855,892.50	
06/15/2019	2,100,000	** %	855,892.50	2,955,892.50	3,811,785.00
12/15/2019	690,000	4.125%	813,964.38	1,503,964.38	
06/15/2020	2,195,000	** %	799,733.13	2,994,733.13	4,498,697.51
12/15/2020	720,000	4.375%	752,285.63	1,472,285.63	
06/15/2021	2,290,000	** %	736,535.63	3,026,535.63	4,498,821.26
12/15/2021	755,000	4.500%	689,423.13	1,444,423.13	
06/15/2022	2,390,000	** %	672,435.63	3,062,435.63	4,506,858.76
12/15/2022	790,000	4.500%	621,623.13	1,411,623.13	
06/15/2023	2,495,000	** %	603,848.13	3,098,848.13	4,510,471.26
12/15/2023	825,000	4.750%	549,113.13	1,374,113.13	
06/15/2024	2,615,000	** %	529,519.38	3,144,519.38	4,518,632.51
12/15/2024	865,000	4.750%	471,415.63	1,336,415.63	
06/15/2025	2,735,000	** %	450,871.88	3,185,871.88	4,522,287.51
12/15/2025	910,000	4.750%	389,903.13	1,299,903.13	
06/15/2026	2,860,000	** %	368,290.63	3,228,290.63	4,528,193.76
12/15/2026	955,000	4.875%	304,161.88	1,259,161.88	
06/15/2027	3,000,000	** %	280,883.75	3,280,883.75	4,540,045.63
12/15/2027	1,000,000	5.000%	212,470.63	1,212,470.63	
06/15/2028	2,400,000	** %	187,470.63	2,587,470.63	3,799,941.26
12/15/2028	1,050,000	5.000%	129,578.13	1,179,578.13	
06/15/2029	235,000	5.000%	103,328.13	338,328.13	1,517,906.26
12/15/2029	1,105,000	5.000%	97,453.13	1,202,453.13	
06/15/2030	245,000	5.125%	69,828.13	314,828.13	1,517,281.26
12/15/2030			63,550.00	63,550.00	
06/15/2031	260,000	5.125%	63,550.00	323,550.00	387,100.00
12/15/2031			56,887.50	56,887.50	
06/15/2032	270,000	5.125%	56,887.50	326,887.50	383,775.00
12/15/2032			49,968.75	49,968.75	
06/15/2033	285,000	5.125%	49,968.75	334,968.75	384,937.50
12/15/2033			42,665.63	42,665.63	
06/15/2034	300,000	5.125%	42,665.63	342,665.63	385,331.26
12/15/2034			34,978.13	34,978.13	
06/15/2035	315,000	5.125%	34,978.13	349,978.13	384,956.26
12/15/2035			26,906.25	26,906.25	
06/15/2036	335,000	5.125%	26,906.25	361,906.25	388,812.50
12/15/2036			18,321.88	18,321.88	
06/15/2037	350,000	5.125%	18,321.88	368,321.88	386,643.76
12/15/2037			9,353.13	9,353.13	
06/15/2038	365,000	5.125%	9,353.13	374,353.13	383,706.26
	39,060,000		16,540,678.27	55,600,678.27	55,600,678.27

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ESCROW REQUIREMENTS

City of Missouri City, Texas  
GO Refunding Bonds, Series 2016  
FSC Daily Scales, 'Aa' Rated Non-BQ  
as of January 7, 2016  
SCENARIO 3: Call Dates Through 2018  
\*\*\*Preliminay; For Discussion Purposes Only\*\*\*

Period Ending	Interest	Principal Redeemed	Total
06/15/2016	881,498.75	6,450,000.00	7,331,498.75
12/15/2016	755,986.25		755,986.25
06/15/2017	755,986.25	5,400,000.00	6,155,986.25
12/15/2017	645,240.00		645,240.00
06/15/2018	645,240.00	27,210,000.00	27,855,240.00
	3,683,951.25	39,060,000.00	42,743,951.25

# Market Update and Parameter Sale Related to Proposed Refunding

Joe Morrow

Senior Vice President

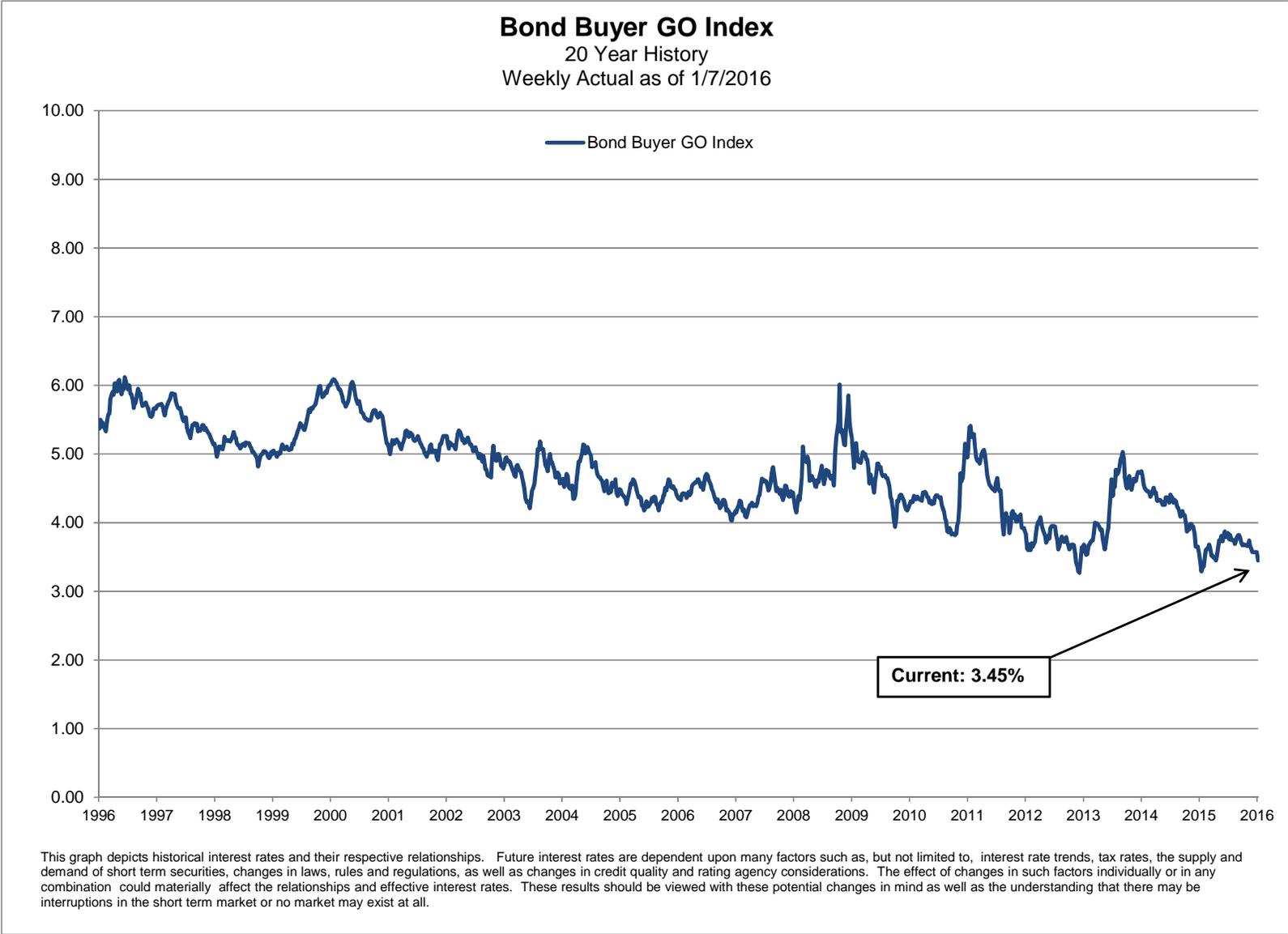
713.654.8690

[joe.morrow@firstsw.com](mailto:joe.morrow@firstsw.com)



City of Missouri City

# Historical Interest Rates



CITY OF MISSOURI CITY

# Projected Refunding Results <sup>1</sup>

**\$260,250 Projected Average Annual Savings in FY 2017-2038**

<sup>1</sup> Preliminary rates 1/7/2016, subject to change.

A	B	C	D	E
Fiscal Year	Prior Debt Net Cash Flow	New Debt Cash Flow	Savings	Present Value to April 1, 2016 at 2.3361284%
2016	\$ 346,774	\$ 346,774	\$ -	\$ (2,547)
2017	2,242,998	1,982,006	260,992	254,216
2018	2,619,997	2,361,106	258,891	246,318
2019	3,811,785	3,550,706	261,079	242,624
2020	4,498,698	4,241,206	257,492	241,166
2021	4,498,821	4,237,456	261,365	239,426
2022	4,506,858	4,247,206	259,652	232,874
2023	4,510,471	4,249,456	261,015	229,086
2024	4,518,633	4,259,206	259,427	222,901
2025	4,522,288	4,260,706	261,582	219,939
2026	4,528,194	4,268,956	259,238	213,495
2027	4,540,045	4,278,206	261,839	211,047
2028	3,799,941	3,537,956	261,985	206,737
2029	1,517,906	1,260,206	257,700	199,254
2030	1,517,281	1,254,606	262,675	198,640
2031	387,100	127,406	259,694	182,834
2032	383,775	124,406	259,369	178,372
2033	384,938	126,406	258,532	173,674
2034	385,331	123,256	262,075	171,964
2035	384,956	124,975	259,981	166,630
2036	388,813	126,537	262,276	164,193
2037	386,644	127,800	258,844	158,278
2038	383,706	123,900	259,806	155,171
	<u>\$ 55,065,952</u>	<u>\$ 49,340,444</u>	<u>\$ 5,725,509</u>	<u>\$ 4,506,292</u>

**Present Value Savings as a percent of refunded par value is 11.537%**  
**All in True Interest Cost is 2.277544%**

CITY OF MISSOURI CITY

# REFUNDING TARGETS

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# Bond Issue Targets to be Refunded

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## GO Bonds Series 2007

- Aggregate Callable Principal Amount: **\$6,450,000**
- Principal Maturity Dates: **2017 Through 2027**
- Interest Rates: **3.750% - 4.00%**
- Call Date: **June 15, 2016 @ Par**
- Final Maturity Date: **June 15, 2027**

# Bond Issue Targets to be Refunded

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## COs Series 2008

- Aggregate Callable Principal Amount: **\$1,600,000**
- Principal Maturity Dates: **2018 through 2028**
- Interest Rates: **3.50% - 4.25%**
- Call Date: **June 15, 2017 @ Par**
- Final Maturity Date: **June 15, 2028**

# Bond Issue Targets to be Refunded

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## COs Series 2008A

- Aggregate Callable Principal Amount: **\$9,665,000**
- Principal Maturity Dates: **2019 through 2029**
- Interest Rates: **4.125% - 5.00%**
- Call Date: **June 15, 2018 @ Par**
- Final Maturity Date: **June 15, 2029**

# Bond Issue Targets to be Refunded

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## **GOs Series 2008A**

- Aggregate Callable Principal Amount: **\$12,750,000**
- Principal Maturity Dates: **2019 Through 2028**
- Interest Rates: **4.125% - 5.00%**
- Call Date: **June 15, 2018 @ Par**
- Final Maturity Date: **June 15, 2028**

# Bond Issue Targets to be Refunded

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## **GOs Series 2008**

- Aggregate Callable Principal Amount: **\$3,800,000**
- Principal Maturity Dates: **2018 Through 2028**
- Interest Rates: **4.00% - 4.35%**
- Call Date: **June 15, 2017 @ Par**
- Final Maturity Date: **June 15, 2028**

# Bond Issue Targets to be Refunded

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## **COs Series 2009A**

- Aggregate Callable Principal Amount: **\$4,795,000**
- Principal Maturity Dates: **2019 Through 2038**
- Interest Rates: **4.10% - 5.125%**
- Call Date: **June 15, 2018 @ Par**
- Final Maturity Date: **June 15, 2038**

# PARAMETER BOND SALE

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# Parameter Bond Sale

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- ❑ **Council delegates final pricing authority to Pricing Officer(s)**
- ❑ **Council establishes bond sale parameters:**
  - ▶ Maximum Interest Rate – **State Threshold**
  - ▶ Minimum Savings for Refunding – **Current 4% NPV**
  - ▶ Aggregate Principal Amount of Issue - **\$41,000,000**
  - ▶ Final Maturity Date – **6/15/38**
  - ▶ Expiration of Delegated Authority
    - **6 Months**
- ❑ **Pricing Officer(s) can only approve sale if Council parameters are met**

**Section 1207 of the Government Code allows refunding bonds via a Parameter Sale**

# Parameter Bond Sale

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Reason for Parameter Bond Sale = FLEXIBILITY

**Market Timing** – Bond issue is in ‘Day-to-Day’ mode, meaning bonds can be priced at any time and in an interest rate environment that is advantageous rather than being locked into pricing on the date of a Council meeting.