

RESOLUTION 15-R-701

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

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

WHEREAS, the Board of Directors (the "Board") of the Authority desires to proceed with (i) the expansion and extension of the Authority's water supply system to the City of Rosenberg, Texas and (ii) the design, testing and completion of a pilot well and facilities necessary to complete final engineering and design for a desalinization plant (collectively, the "Additional Projects"), as described in Section 8.2 of the Contract, through the issuance of the Authority's Water Supply System Revenue Bonds, in one or more series (the "Bonds") under a bond resolution in substantially the form attached as Exhibit A hereto (the "Bond Resolution") and has authorized the Authority's attorneys and financial advisors to take any action reasonably necessary to proceed with preparation for the issuance of Bonds for the Additional Projects; and

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

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

WHEREAS, pursuant to Section 7.1 of the Contract, the City Council acknowledges the term of the Contract shall be extended until payment in full of the principal, premium, if any, and interest on any Bonds associated with the Additional Projects that may be issued from time to time and all related fees;

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

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

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LAKE JACKSON, TEXAS: In accordance with Sections 8.2 and 9.4 of the Contract, the City Council hereby authorizes and approves the issuance of one or more series of Bonds by the Authority for the Additional Projects pursuant to the Bond Resolution and the Mayor, the City Manager or any

other duly appointed person is hereby authorized and directed to execute any necessary certificates and otherwise take any action, reasonably necessary to proceed with the issuance of each series of Bonds in an aggregate amount not to exceed \$59,000,000.

SECTION 1.02. RATIFICATION AND EXTENSION OF CONTRACT. The terms of the Contract previously entered into are hereby ratified by the City and the term of the Contract shall be extended until payment in full of the principal, premium, if any, and interest on any Bonds associated with the Additional Projects that may be issued from time to time and all related fees.

SECTION 1.03. CONTINUING DISCLOSURE. As used in this Section, the following terms have the meanings ascribed to such terms below:

“*MSRB*” means the Municipal Securities Rulemaking Board.

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

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

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

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to documents (i) available to the public on the MSRB’s internet web site or (ii) filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

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

- (i) Principal and interest payment delinquencies;

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

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

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

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

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

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

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

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

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

(d) The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell the Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Registered Owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Resolution that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Registered Owners and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this Section if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such

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

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

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

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

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

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

[Execution Page Follows.]

PASSED AND APPROVED on this _____ day of _____ 2015.

Mayor
City of Lake Jackson, Texas

ATTEST:

City Secretary
City of Lake Jackson, Texas

[CITY SEAL]