

# **AGENDA**

**Regular Meeting of the Bedford City Council  
Tuesday, March 25, 2014  
Bedford City Hall Building A  
2000 Forest Ridge Drive  
Bedford, Texas 76021**

**Council Chamber Work Session 5:00 p.m.  
Council Chamber Regular Session 6:30 p.m.**

**COMPLETE COUNCIL AGENDAS AND BACKGROUND INFORMATION ARE AVAILABLE FOR REVIEW  
ONLINE AT <http://www.bedfordtx.gov>**

## **WORK SESSION**

- Review and discuss items on the regular agenda and consider placing items for approval by consent.
- Staff report on Focus Area B – City Codes.

## **EXECUTIVE SESSION**

To convene in the conference room in compliance with Section 551.001 et. Seq. Texas Government Code, to discuss the following:

- a) Pursuant to Section 551.071, consultation with City Attorney regarding pending or contemplated litigation regarding 533 Bedford Road.
- b) Section 551.071, consultation with City Attorney regarding pending or contemplated litigation – Restaurants with alcohol sales in violation of Section 10.06 “Annual reporting requirements for authorized restaurants with alcohol sales” of the City of Bedford’s Code of Ordinances.

## **REGULAR SESSION 6:30 P.M.**

### **CALL TO ORDER/GENERAL COMMENTS**

**INVOCATION** (Pastor Dr. Kevin Smith, Faith Christian Fellowship Church)

### **PLEDGE OF ALLEGIANCE**

### **OPEN FORUM**

*(The public is invited to address the Council on any topic that is posted on this agenda. Citizens desiring to speak on Public Hearing(s) must do so at the time the Public Hearing(s) are opened. In order to speak during Open Forum a person must first sign in with the City Secretary prior to the Regular Session being called to order. Speakers will be called upon in the order in which they sign in. Any person not signing in prior to the commencement of the Regular Session shall not be allowed to speak under Open Forum. Further, Open Forum is limited to a maximum of 30 minutes. Should speakers not use the entire 30 minutes Council will proceed with the agenda. At the majority vote of the Council the Mayor may extend the time allotted for Open Forum.)*

### **CONSIDER APPROVAL OF ITEMS BY CONSENT**

### **COUNCIL RECOGNITION**

1. Employee Service Awards
2. Proclamation declaring April 2014 as Child Abuse Prevention Month in the City of Bedford.
3. Proclamation recognizing the Police Department’s Repeat Victimization Unit.

4. Presentation of a letter of recognition from the Greater Fort Worth Chapter of the American Council of the Blind.

#### **APPROVAL OF THE MINUTES**

5. Consider approval of the following City Council minutes:
  - a) March 3, 2014 board and commission work session
  - b) March 3, 2014 joint Planning and Zoning Commission work session
  - c) March 11, 2014 regular meeting

#### **PERSONS TO BE HEARD**

6. The following individuals have requested to speak to the Council tonight under Persons to be Heard.
  - a) Jessica Feldt, 2124 Shady Grove Drive, Bedford, Texas 76021 – Requested to speak to Council regarding Ordinance No. 12-3039 Section 54-70 and requests that the Council allow/approve property owners to use reusable containers to store trash and also to dispose of trash from their property.
  - b) Kevin King, 1717 Arbor Mill Circle, Bedford, Texas 76021 – Requested to speak to Council regarding the US Constitution.

#### **OLD BUSINESS**

7. Consider a resolution authorizing the City Manager to enter into a Marketing License Agreement with Utility Service Partners (d/b/a Service Line Warranties of America) for the National League of Cities (NLC) Service Line Warranty Program.

#### **NEW BUSINESS**

8. Consider an ordinance amending Chapter 22. “Building and Building Regulations”, Article XIII. “Fences”, Section 22-554. “Definitions”, Section 22-555. “Construction Permit Required”, Section 22-557. “Height and Construction Requirements” and Section 22-558. “Maintenance”, of the City of Bedford Code of Ordinances; providing a savings clause; providing a severability clause; and providing an effective date.
9. Consider approval of an ordinance and all matters incident and related to the issuance and sale of \$3,200,000 “City of Bedford, Texas General Obligation Bonds, Series 2014,” dated March 25, 2014.
10. Consider approval of an ordinance and all matters incident and related to the issuance and sale of \$2,300,000 “City of Bedford, Texas Public Property Finance Contractual Obligations, Series 2014,” dated March 25, 2014.
11. Consider a resolution declaring expectation to reimburse expenditures with proceeds of future debt.
12. Consider a resolution of the City Council of Bedford, Texas, authorizing the submission of the grant application for a Repeat Victimization Unit storefront to the Office of the Governor, Criminal Justice Division.
13. Consider a resolution authorizing the City Manager to enter into a Memorandum of Understanding (MOU) with the City of Fort Worth for the 2013 Byrne Justice Assistance Grant (JAG) Formula Program Award.
14. Consider a resolution naming the Fort Worth Star-Telegram the official newspaper of the City of Bedford and entering into an advertising contract with the Fort Worth Star-Telegram for the term of one year.

**15. Report on most recent meeting of the following Boards and Commissions:**

- ✓ **Animal Shelter Advisory Board - Councilmember Boyter**
- ✓ **Beautification Commission - Councilmember Turner**
- ✓ **Community Affairs Commission - Councilmember Boyter**
- ✓ **Cultural Commission - Councilmember Nolan**
- ✓ **Library Board - Councilmember Davisson**
- ✓ **Parks & Recreation Board - Councilmember Davisson**
- ✓ **Senior Citizen Advisory Board - Councilmember Turner**
- ✓ **Teen Court Advisory Board - Councilmember Champney**

**16. Council member reports**

**17. City Manager/Staff Reports**

**18. Take any action necessary as a result of the Executive Session**

*(Any item on this posted agenda may be discussed in executive session provided it is within one of the permitted categories under Chapter 551 of the Texas Government Code.)*

**ADJOURNMENT**

**CERTIFICATION**

I, the undersigned authority, do hereby certify that this Notice of Meeting was posted on the outside window in a display cabinet at the City Hall of the City of Bedford, Texas, a place convenient and readily accessible to the general public at all times, and said Notice was posted by the following date and time: Friday, March 21, 2014 at 5:00 p.m., and remained so posted at least 72 hours before said meeting convened.

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**Michael Wells, City Secretary**

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**Date Notice Removed**

(Auxiliary aids and services are available to a person when necessary to afford an equal opportunity to participate in City functions and activities. Auxiliary aids and services or accommodations must be requested in writing to the City Secretary's Office a minimum of seventy-two hours (72) hours prior to the scheduled starting time of the posted meeting. Requests can be delivered in person or mailed to the City Secretary's Office at 2000 Forest Ridge Drive, Bedford, TX 76021, or emailed to [mwells@bedfordtx.gov](mailto:mwells@bedfordtx.gov). Some requests may take longer due to the nature, extent and/or availability of such auxiliary aids, services or accommodations.)



# Council Agenda Background

**PRESENTER:** Beverly Griffith, City Manager

**DATE:** 03/25/14

**Work Session**

**ITEM:**

Staff report on Focus Area B – City Codes.

**City Manager Review:** \_\_\_\_\_

**DISCUSSION:**

City Manager and staff will be presenting a recap of multiple areas regarding Code Compliance and Inspections. In December 2013, Deputy Police Chief Les Hawkins presented a six month status update on Code Compliance activity since the Division had been moved to the Police Department in May of 2013. The purpose of this item is to update and expand upon the information presented in December to include both Code Compliance and Inspections. Topics to be presented include, but are not limited to, the following:

1. Related ordinance revisions to date
2. Resource allocation
3. Policies and Procedures
4. Past and current projects
5. Workload output comparisons
6. Additional programs implemented since last report
7. Recommendations for future program tools.

We look forward to the opportunity to share successes, as well as discussion of areas for continued improvement.

**ATTACHMENTS:**

N/A



# Council Agenda Background

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**PRESENTER:** Beverly Griffith, City Manager

**DATE:** 03/25/14

Council Recognition

**ITEM:**

Employee Service Recognition

City Manager Review: \_\_\_\_\_

**DISCUSSION:**

The following employees have completed a service period and are eligible for recognition:

Lasedric Johnson	Police Department	5 years
James Copley	Fire Department	10 years
Jack Ventrca	Fire Department	10 years
Michelle Wilson	Police Department	25 years

**ATTACHMENTS:**

N/A



# Council Agenda Background

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**PRESENTER:** Jim Griffin, Mayor

**DATE:** 03/25/14

Council Recognition

**ITEM:**

Proclamation declaring April 2014 as Child Abuse Prevention Month in the City of Bedford.

City Manager Review: \_\_\_\_\_

**DISCUSSION:**

Lindsey Dula, Director of Program Services with Alliance for Children, will be present to accept the proclamation.

**ATTACHMENTS:**

Proclamation  
Letter of Request



CITY OF  
**BEDFORD**

# Proclamation

*WHEREAS, 229,138 investigations regarding reports of child abuse or neglect were reported in Texas in 2013; and*

*WHEREAS, 5,689 cases of child abuse and neglect were confirmed in Tarrant County in 2013; and*

*WHEREAS, 14 child deaths were attributed to abuse or neglect in 2013; and*

*WHEREAS, Alliance For Children provided child-focused services to 2,016 children in 2013; which included 405 in the Northeast community; and*

*WHEREAS, Alliance For Children provided prevention education to over 30,000 adults and children in Tarrant County in 2013; and*

*WHEREAS, these prevention programs succeed because of partnerships among agencies, schools, religious organizations, law enforcement, parents and the business community; and*

*WHEREAS, everyone in the community should become more aware of child abuse prevention and consider helping parents raise their children in a safe, nurturing environment.*

*NOW, THEREFORE, let it be known that I, Jim Griffin, Mayor of the City of Bedford, and the City Council do hereby proclaim the month of April 2014 as:*

## ***Child Abuse Prevention Month***

*in the City of Bedford and urge all citizens to work together to help reduce child abuse and neglect significantly in the years to come.*

*In witness whereof, I have hereunto set my hand and caused the seal of the City of Bedford to be affixed this  
25th day of March, 2014.*

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JIM GRIFFIN, MAYOR



**From:** Helen Ortega [REDACTED]  
**Sent:** Wednesday, March 05, 2014 10:53 AM  
**To:** Wells, Michael  
**Subject:** Alliance For Children Prevent Child Abuse Month

Dear Mr. Wells,  
Once again, we are asking the city of Bedford to show support by supporting a city proclamation for Child Abuse Prevention Month this April. I have attached a sample proclamation and I would appreciate it if you could let me know if it can be read at one of your city council meetings. A representative from Alliance For Children would be happy to attend and accept the proclamation.

Thank you for your past and continued support we look forward to working with you again this year. Should you have any questions; please contact me.

Thank you,

Helen Ortega  
*Community Liaison, NE Center*  
817-427-3110 - phone  
[www.allianceforchildren.org](http://www.allianceforchildren.org)





# Council Agenda Background

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**PRESENTER:** Jim Griffin, Mayor

**DATE:** 03/25/14

**Council Recognition**

**ITEM:**

**Proclamation recognizing the Bedford Police Department's Repeat Victimization Unit.**

**City Manager Review:** \_\_\_\_\_

**DISCUSSION:**

**The Bedford Police Department was recognized by the Texas State Senate for the Repeat Victimization Unit.**

**ATTACHMENTS:**

**Proclamation**



# The Senate of The State of Texas

## SENATE PROCLAMATION NO. 426

**WHEREAS**, The Senate of the State of Texas is pleased to recognize the Bedford Police Department's Repeat Victimization Unit for its exceptional work in helping mentally ill citizens; and

**WHEREAS**, The Repeat Victimization Unit was established by Bedford Police Chief Roger Gibson to help break the pattern of repeated arrests of the same person for the same problems due to mental illness; and

**WHEREAS**, The unit consists of Corporal Shane Bean and officers Onay Nunez and Monique Hall; the three work alongside liaison officer Ken Bennett of Mental Health Mental Retardation of Tarrant County; members of the unit attend classes that help them identify and evaluate symptoms of mental illness and teach them effective crisis intervention techniques; and

**WHEREAS**, Using these tools, officers develop relationships with those who were once simply arrested or hospitalized; they learn such things about the problematic individuals as medication and therapy history and what dates and events are likely to trigger troublesome episodes; they are then able to use this knowledge to help people avoid the situations and behaviors that result in arrest; and

**WHEREAS**, The Repeat Victimization Unit has shown remarkable success in reducing repeated arrests and hospitalizations among the community's mentally ill citizens, and it is truly deserving of special recognition; now, therefore, be it

**PROCLAIMED**, That the Senate of the State of Texas hereby commend Chief Roger Gibson and the members of the Repeat Victimization Unit of the Bedford Police Department for their dedication and compassion and extend to them best wishes for continued success in their endeavors; and, be it further

**PROCLAIMED**, That a copy of this Proclamation be prepared for the unit as an expression of high regard from the Texas Senate.

Davis

*Wendy N. Davis*

Member, Texas Senate

I hereby certify that the  
above Proclamation was adopted.---

*Patsy Spaw*

Secretary of the Senate





# Council Agenda Background

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**PRESENTER:** Representatives from the Greater Fort Worth Chapter of the American Council of the Blind

**DATE:** 03/25/14

Council Recognition

**ITEM:**

Presentation of a letter of recognition from the Greater Fort Worth Chapter of the American Council of the Blind.

City Manager Review: \_\_\_\_\_

**DISCUSSION:**

The Greater Fort Worth Chapter of the American Council of the Blind would like to present to the City Council a letter of recognition for the City's support of the blind and visually impaired. Representatives from the organization scheduled to be in attendance are: Ginger Kraft, President; Sheila Derrick, Treasurer; Jean Russell, Program Director; and Edgar Henderson, Bedford resident and Chapter Member. A representative of the Department of Assistive and Rehabilitation Services may also be present.

**ATTACHMENTS:**

Letter of Request

**From:** [Ginger Kraft](#)  
**To:** [Wells, Michael](#)  
**Cc:** [Sheila Derrick](#); [jean russell](#); [Edgar Henderson](#); [REDACTED]  
**Subject:** Recognition from The American Council of the Blind  
**Date:** Monday, March 17, 2014 11:51:50 AM

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Dear Mr. Wells,

As we discussed, one of our members, Mr. Edgar Henderson, a resident of Bedford, spoke to our Chapter about the great things Bedford has done for the blind community. It was proposed and accepted that we publicly honor the city of Bedford and we would like to present the city with a letter of recognition for your support of the blind and visually impaired.

I believe Mr. Henderson talked to someone about the agenda on March 25th as a good time to present our document to the Mayor. If this is correct, please let me know.

Those from our Chapter who will be in attendance are:

Ginger Kraft, President  
Sheila Derrick, Treasurer  
Jean Russell, Program Director  
Edgar Henderson, resident of Bedford and a new member of our Chapter

Since our document mentions the help of the Department of Assistive and Rehabilitative Services (DARS), we have asked them to send a representative to attend the meeting.

We are very grateful for your support and help and want to thank you for your service to the community.

Regards,

Ginger Kraft, President  
8400 Big Horn Way  
Fort Worth, TX 76137  
817 479-7465



The Greater Fort worth Area Council of the American  
Council of the Blind



# Council Agenda Background

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**PRESENTER:** Michael Wells, City Secretary

**DATE:** 03/25/14

**Minutes**

**ITEM:**

Consider approval of the following City Council minutes:

- a) March 3, 2014 board and commission work session
- b) March 3, 2014 joint Planning and Zoning Commission work session
- c) March 11, 2014 regular meeting

City Manager Review: \_\_\_\_\_

**DISCUSSION:**

N/A

**ATTACHMENTS:**

March 3, 2014 board and commission work session  
March 3, 2014 joint Planning and Zoning Commission work session  
March 11, 2014 regular meeting

STATE OF TEXAS §

COUNTY OF TARRANT §

CITY OF BEDFORD §

The City Council of the City of Bedford, Texas, met in Work Session at 5:00 p.m. in the TXI Conference Room, 1805 L. Don Dodson, on the 3rd day of March, 2014 with the following members present:

Jim Griffin  
Ray Champney  
Jim Davisson  
Patricia Nolan  
Roy W. Turner

Mayor  
Council Members

constituting a quorum.

Council Members Brown and Boyter were absent from the meeting.

Staff present included:

Beverly Griffith  
David Miller  
Michael Wells  
Cliff Blackwell  
Roger Gibson  
Eric Griffin  
Cathy Haskell  
Don Henderson  
Tom Hoover  
Meg Jakubik  
Mirenda McQuagge-Walden  
Maria Redburn  
Jacquelyn Reyff  
Bill Syblon  
Eric Valdez

City Manager  
Deputy City Manager  
City Secretary  
Administrative Services Director  
Police Chief  
Deputy Police Chief  
Senior Center Manager  
Parks Superintendent  
Public Works Director  
Asst. to the City Manager  
Managing Director  
Library Manager  
Planning Manager  
Development Director  
Recreation Manager

### **CALL TO ORDER/GENERAL COMMENTS**

The Mayor called the Work Session to order at 5:03 p.m.

### **WORK SESSION 5:00 p.m.**

- **Discussion on Board and Commission goals and direction.**

Mayor Griffin stated that the goal of the meeting is to discuss the Boards and Commissions giving them a unified direction based on Council's vision. He asked that the Council liaisons discuss what each Board or Commission is doing.

### **Teen Court Advisory Board**

Councilmember Champney discussed the purpose of the Board as described in their bylaws. He stated that at the meetings he sits, listens, and responds to questions. He gives support for their needs that are relevant to Bedford and brings those to Council for discussion. The Board works very well and is beneficial to the three cities and he did not see any need for deviation from their purpose. There was discussion on the Teen Court banquet, if there are enough funds for the scholarships, the bylaws, and the fine structure.

### **Beautification Commission**

Councilmember Turner discussed the purpose of the Commission, which is dedicated to the beautification of the City from an aesthetic, resident, and visitor point-of-view. The staff liaison, Don Henderson, works closely with Chairperson Faye Murphy. They are one of the most active in terms of hands-on activities, specifically at the Boys Ranch. One of the projects they are looking at are design improvements along Harwood Road. They are funded by a \$10,000 contribution from the City's waste contract. They use that money each year and receive a lot of funding from donations from businesses. They run special projects throughout the year including Clean Up Bedford Day, Chunk Your Junk Day, and the Crud Cruiser. They work closely with Teen Court on beautification projects. They look for Council guidance in regards to Council projects. In regards to Clean Up Bedford Day, there was discussion on doing something south of the freeway; whether the Commission would entertain having two days; issues with finding volunteers to cover the whole area; using the \$400 donated the previous year for "pickup sticks;" encouraging Boards and Commissions to show up as groups; that they have been finding less help from companies this year; and working with homeowners associations. There was consensus to find a secondary date for Clean Up Bedford Day and to have a sign-up sheet at the March 29 event. There was discussion on getting more cooperation between Boards and Commissions and the red plastic flowers at the entrance to the Boys Ranch. There was discussion on the business awards, including that the process has been modified, that they will discuss four or five nominations at their next meeting, and that they do not recognize residents at this time. There was discussion on getting more containers for Chunk Your Junk Day.

### **Cultural Commission**

Councilmember Nolan stated that the Commission just had their joint work session with Council and there is an emphasis on trying to make the cultural district more visible. She did not realize the amount of artists in the City and the Arts Talk held at the Old Bedford School was enlightening. She stated that to really move forward on this issue, the City has to go big and she hopes that the Council will go forward on a comprehensive master plan. There was discussion on Twilight Thursdays, including having food trucks and art at the events. Managing Director Mirenda McQuagge-Walden stated that she has met with Mark Chandler with the School District and that they are trying very hard for to have a performance component and art exhibited at the April 3 event. There will be beer, wine and dedicated food at the first Twilight Thursday and there have been talks with Red Hot & Blue for an end of the season event. There was discussion on having a pet happy hour and art booths at Twilight Thursdays, having school orchestras come out to play, and coming up with plans.

### **Library Advisory Board**

Councilmember Davisson stated that Library Manager Maria Redburn brings proposals for changes to the Board on how things are run at the Library. These proposals have been vetted by staff and legal counsel. The Board is made up of people who are very dedicated to the Library and Ms. Redburn is the driving force. He will be asking for an item on the next agenda regarding erecting a fence around the globe in the Library lobby. There was discussion on adding more tables for the Mardi Gras event.

### **Senior Citizen Advisory Board**

Councilmember Turner stated that the function of the Board is to organize leadership in senior citizens to offer special services and recreation to seniors. It is run by a Board that meets quarterly and is composed of senior citizens who are active in the Center. Activities include dances and pottery. His main function as the liaison is to respond to problems they are having, including issues with the pottery kiln the previous year. The most popular event of the Board is the annual holiday luncheon and they have recently started doing breakfasts. He stated that they would love to have a new center as there is limited space. There was discussion on whether the current Senior Center lent itself to expansion.

### **Parks and Recreation Board**

Councilmember Davisson stated that the Board has set goals for the coming year, including the second phase of the dog park and working on the update to the Parks Master Plan. They are working with Animal Control and the Beautification Commission to help with their projects, including beautifying Carousel Park when it reopens. They are a very passionate group and they have certain parks they check out before every meeting. In regards to the dog park, there was discussion on having trees, new grass and shelters; the City's tree farm; the donation of trees; what would be done if the School District takes the property; the walking trails and the District being willing to co-op on something going through the area; that physical structures could not be built under the power lines and that Oncor owns a portion of the property; and incorporating a cultural component in the Parks Master Plan.

### **Animal Shelter Advisory Board**

Mayor Griffin discussed setting some direction on what the Board wants to work towards, including a renewed emphasis on assistance and help to the Shelter, the list of volunteers and rescue organizations, promoting the pet fairs, and supporting the staff. There was discussion on finding more and better ways to get pets adopted from the Shelter; the lack of people being able to take the animals; other cities using volunteer groups in their endeavors; a volunteer liaison position; forming a "Friends of the Shelter" group; the Shelter facility; joining activities with the Cities of Hurst and Euless; enhancing animal control to serve the citizens of Bedford and to better care for animals; the new software having pictures of animals; tying into networks of rescue groups; and joint pet adoptions.

There was discussion on having information on the duties of Boards and Commissions available to applicants at the time of Council interviews; and Council taking Board and Commission recommendations into consideration.

### **ADJOURNMENT**

Mayor Griffin adjourned the meeting at 6:19 p.m.

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Jim Griffin, Mayor

ATTEST:

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Michael Wells, City Secretary

STATE OF TEXAS §

COUNTY OF TARRANT §

CITY OF BEDFORD §

The City Council of the City of Bedford, Texas, met in joint work session with the Planning and Zoning Commission at 6:30 p.m. in the TXI Conference Room, 1805 L. Don Dodson on the 3rd day of March, 2014 with the following members present:

Jim Griffin	Mayor
Chris Brown	Council Members
Ray Champney	
Jim Davisson	
Patricia Nolan	
Roy W. Turner	

constituting a quorum.

Councilmember Boyter was absent from the meeting.

The following members of the Planning and Zoning Commission were present:

Bill Reese	Chairperson
Todd Carlson	Commissioners
Roger Fisher	
Mickey Hall	
Bill Reese	
Jason Sinisi	
Lee Pierson (alternate)	

constituting a quorum.

Staff present included:

Beverly Griffith	City Manager
David Miller	Deputy City Manager
Michael Wells	City Secretary
Meg Jakubik	Asst. to the City Manager
Mirenda McQuagge-Walden	Managing Director
Jackie Reyff	Planning Manager
Bill Syblon	Development Director

Also in attendance:

Jayashree Narayanal	Gateway Planning
Jim Tharp	Oxley Williams Tharp

### **CALL TO ORDER/GENERAL COMMENTS**

The Joint Work Session was called to order at 6:37 p.m.

## **JOINT WORK SESSION 6:30 p.m.**

- **City Council and Planning and Zoning Commission Joint Work Session to discuss the Central Bedford Development Zone (aka CBDZ) for the development of draft guidelines.**

Mayor Griffin discussed the City embarking on the CBDZ project with one of the steps being to devise a new name for the project.

Development Director Bill Syblon introduced Jayashree Narayanan, with Gateway Planning, and Jim Tharp with Oxley Williams Tharp, the consultants on the project. He discussed the project's Vision Plan, which includes planning and implementing high quality, unique development being critical to the future of the City in order to create a place that is desired by the residents. Planning Manager Jacquelyn Reyff presented an overview of the Vision document that was approved by Council in June of 2013. She displayed a map from the Vision document showing the focus areas and presented a project summary and timeline, which included stakeholder meetings, a public open house, staff and stakeholder charrette meetings, and the final Vision document. This meeting is to discuss text amendments to the Zoning Ordinance. She displayed possible housing mixes that were agreed to in the Vision document as well as a map showing the potential area for more office, retail, and restaurant development. She discussed examples of demand for new retail and the general amount of square footage that could be absorbed; infill and redevelopment of the area around City Hall; and other standard concepts, including distinction, walkability, mixture of land uses, parking and authenticity. She displayed a timeline, as well as the next steps to be taken. It was stated that meetings were held with TXI, State National and Harley-Davidson to get their input on the Vision.

Ms. Narayanan discussed use-based zoning, which she stated does not drive development and is a one size fits all approach. It involves buffering the use between everything next to it, minimal design standards, and is unpredictable and mostly auto-oriented. In design-based zoning, the focus is on the form and the market drives the use. The standards are particular to the concepts the City wants to achieve. It involves mixing uses, minimum and maximum setbacks, transitions instead of buffers, and the creation of a predictable environment. The City would act as a master developer by creating the context. The buildings would be allowed to evolve as the market changes. The City would be proactive in establishing standards so that the vision would be implemented at the end of the day. From an owner and developer standpoint, there would be a more streamlined review process because there are a detailed set of standards and they would know what is expected of them. Multiple property owners would be able to take advantage of the scope. Sub-districts could also be established and more graphics should be used. Issues to consider include administrative approvals; non-conforming uses and sites including ensuring that standards are evolutionary and property owners are not punished for making minor changes; and infrastructure improvements as a public/private partnership.

There was discussion that the design criteria would be used in the entire zone; linkages between the Library, the Old Bedford School, and the Boys Ranch Park; public/private partnerships including the 380 program and TIFS, and what would be best received by developers and what would be most cost effective; the role the City would play in making improvements; using the private sector as a catalyst; the Cultural District as a catalyst; concerns over the administrative review process bypassing the Commission and Council, and that both groups would still have input; and that putting these standards in the code would let the City know exactly what it is going to get. There was discussion on the boundaries of the CBDZ, including the sub-districts; the elements that are going to be in the Code; that the Code would only be rewritten for the district; the area south of the freeway including the highway serving as a barrier, finding ways to better connect it, having walkways over the highway in the future, and

success north of the freeway serving as a catalyst; the types of businesses the City is trying to attract, including corporate, medical offices and service-type retail, and where; creating an environment where one lives, works and partakes of opportunities; invigorating growth and sustainability; auto-orientation in regards to what is being built; the key component of the project being location; proceeding with caution; becoming a cultural center and attracting businesses that are focused on arts and culture; creating a unique vision that the City owns and is a point of differentiation; creating an environment that is demand generating; partnering and creating synergy with a company like Harley-Davidson; creating a civic place or plaza; the market driving the users; creating a sense of community; attracting the right kind of businesses and if the City has the right kind of demographics; the residential density presentation by Jason Claunch; another primary component being that it would feed into existing businesses and keep the momentum going; creating opportunities for the market to grow; finding a niche that is unique and different; getting a developer that does a significant part; attracting national chains as opposed to local businesses; demographics and the City being landlocked; the synergy between the medical and entertainment districts, the Harley-Davidson building, the CBDZ, and City facilities including the Library, Boys Ranch and the Old Bedford School; a new city hall being a catalyst and the City not feeling like community without a central area; and the City owning a lot of land.

In regards to building height, there was discussion on the current restriction being 35 feet and if there is a willingness to go higher to five or six stories with the right type of business; having shared parking and garages; having buildings tall enough to be seen from the highway; and having flexibility and transition standards. In regards to the placement of buildings, there was discussion on ensuring that buildings are pulled to the front.

In regards to parking placement and standards, there was discussion on not micromanaging parking requirements and creating a blended ratio for all commercial uses; letting the market drive what the parking will be; the importance of where parking is located from a walking standpoint; screening, the number of driveways and landscaping; creating joint agreements for parking; the history of the development of parking standards; enforcing parking standards; having parking lots in the back; and adding on-street parking. There was discussion on having functional sidewalks and spending money on accents like trees and lighting; dealing with private development and the City having the ultimate call on how the area is developed; what the main street would be in the district including Parkwood Drive and L. Don Dodson; drive-thru designs including an alternative design, expense, and choosing one that would work for all uses.

There was discussion on buildings needing access from the sidewalk; how the building frontage design relates to the sidewalk; addressing shade through galleries, arcades or canopies; ensuring that the design is suitable to store fronts; having windows and doors, as well as façade articulation along the main streets so there are no blank walls; the current masonry requirement being 60 percent; looking at more contemporary materials and designs; the need for flexibility; being less restrictive as long as there are urban design standards and that it is style neutral; and sign standards including identifying the different sign types and having a palette that allows for blade signs.

There was discussion on standards for parks and open spaces; having courtyards and public or private open spaces and amenities; creating common civic space to be a central gathering place; balconies; what an ideal green space is and if there is a ratio; that there are different scales for different kinds of parks; quality and amenities if the City owns the property and can designate them on the map; having design standards for multifamily; there being a palette for the developer to pick from; delineating on the map where parks, a new city hall or civic plaza are to go; public/private partnerships and what the City has to do; that the City owns a lot of land and has a lot of negotiating power; the City having more input; deciding on where a new city hall would go; and the importance of standards for public parks and private open spaces.

The next steps of the process are to take the original concept and refine it with the input from the meeting. There was discussion on designating where the main street area is going to be; showing sub-districts; having a framework; building a model or having renderings; adding more detail to the conceptual plan; and trees on Central Drive. The Council and the Commission were of the consensus to hold their next joint meeting on April 1, 2014.

**ADJOURNMENT**

The meeting was adjourned at 8:29 p.m.

ATTEST:

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Jim Griffin, Mayor

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Michael Wells, City Secretary

STATE OF TEXAS §

COUNTY OF TARRANT §

CITY OF BEDFORD §

**The City Council of the City of Bedford, Texas, met in Work Session at 6:00 p.m. and Regular Session at 6:30 p.m. in the Council Chambers of City Hall, 2000 Forest Ridge Drive, on the 11th day of March, 2014 with the following members present:**

Jim Griffin  
Michael Boyter  
Ray Champney  
Patricia Nolan

Mayor  
Council Members

constituting a quorum.

Council Members Brown and Davisson were absent from the meeting.

Councilmember Turner arrived at 6:18 p.m.

Staff present included:

Beverly Griffith  
David Miller  
Stan Lowry  
Michael Wells  
Chuck Carlisle  
Roger Gibson  
Don Henderson  
Jacquelyn Reyff  
Bill Syblon

City Manager  
Deputy City Manager  
City Attorney  
City Secretary  
Facilities Manager  
Police Chief  
Parks Superintendent  
Planning Manager  
Development Director

### **WORK SESSION**

Mayor Griffin called the meeting to order at 6:00 p.m.

- **Review and discuss items on the regular agenda and consider placing items for approval by consent.**

Council discussed placing the following items on consent: 1, 3, and 4.

On Item #3, Council was of the consensus to change the wording of Item #7 in the Council's Mission Statement to read: "Support and develop arts and culture in Bedford."

Parks Superintendent Don Henderson presented information on Item #4, which is to retrofit the shower heads at Splash. The retrofit has one valve, which can divert water to hot or cold. A person would press one button for the water to run 45 seconds. This would save in maintenance and reduce water loss. In answer to questions from Council, Mr. Henderson stated that the City has not done business with the low bidder and has done business with the other bidder.

- **Discussion regarding a grant proposal for a collaborative effort with the City of Hurst Police Department for a storefront location for the Repeat Victimization Unit.**

Police Chief Roger Gibson stated that his purpose is to bring to Council information on a competitive grant with the Office of the Governor. He discussed the two main components of the Repeat Victimization Program, which are domestic violence and mental health victimization. The City, along with

the Cities of Hurst and Euless, works very closely with a representative from Tarrant County Mental Health and Mental Retardation. This has been very successful and it is leading them to pursue a grant through the same office, which Hurst is coordinating. If approved, the three agencies would have their own mental health specialist. He feels like this grant will be approved based on the criteria from the State. He discussed the Department having limited space and where to put the mental health specialist; staff working more closely together leading to better coordination; and issues with interviewing victims, including that many would rather go someplace other than the Law Enforcement Center. Therefore, staff has been looking at a storefront operation, which Hurst has been looking at as well. He stated that with these types of grants, cooperative efforts are more inclined to be approved and it would help negate the costs for the initial set-up. He discussed issues with pursuing a second grant and that the City received an exception from the State. The grant is for \$60,000, which does not require a cash match but that there would be some costs for getting everything in place. He discussed Hurst having requirements that the storefront be in the Bellaire area. He stated that the grant money could be turned down even if it is approved. He asked that Council give approval to continue the process as staff continues to gather information and decide later on if they want to proceed.

In answer to questions from Council, Chief Gibson stated that the personnel side of grants typically roll over for three years; that they would have to resubmit for the storefront grant yearly; and that he does not anticipate Hurst stopping sharing the cost as they want to house four people out of the storefront, which is not grant related and would be absorbed entirely by Hurst. Council was of the consensus to move forward on pursuing the grant.

- **Discussion regarding combining the Building and Standards Commission and the Zoning Board of Adjustment into a single entity called the Board of Adjustment.**

Development Director Bill Syblon asked Council for their approval on combining two lightly utilized Boards and Commissions, the Zoning Board of Adjustment and the Building and Standards Commission. He stated that they meet once or twice a year; one of the groups has had trouble getting a quorum; and that it would make sense to combine them. This would give more work to individuals and would be more efficient. If Council agrees, staff will come back with ordinance changes. They will work with the City Attorney over the next month and hope to have a draft ordinance to Council by early April. City Attorney Stan Lowry stated that the new board would have two separate roles as a traditional board of adjustment and for buildings and standards; and that their respective ordinances would be combined. There was discussion on issues getting a qualified engineer to be appointed. Council was of the consensus to move forward on combining the two groups.

- **Discussion regarding a masonry wall behind the old library building.**

Deputy City Manager David Miller stated that the Zoning Ordinance requires that when a commercial property backs up to a residential neighborhood, a masonry wall needs to be put up between the properties. The old library was rezoned to commercial to allow TXI to occupy the building so a masonry wall would have to be built. The City has received letters from both adjacent residential property owners who have asked that the City not construct the wall. He presented three possible solutions as follows: 1) Leave the ordinance as is and staff will move forward on the construction of the wall and bring back bids for approval. The estimated costs are between \$42,000 and \$59,000 depending on the height of the wall; 2) Change the masonry wall requirement to allow a waiver or appeal process to come to the Council. For the appeal to be heard, there would be a requirement of a certain percentage of the residential property owners stating they do not want the wall; or, 3) Change the ordinance so that government buildings are exempt from the requirement.

In answer to questions from Council, he stated that in regards to other situations like this in the City, Shipley's Do-Nuts has put money in escrow to build a wall if the residential property behind them is developed. Mr. Lowry stated that properties that were in existence prior to the requirement in the ordinance would be grandfathered. In answer to further questions from Council, Mr. Miller stated that staff would take the recommendations through the proper channels including the Planning and Zoning Commission; that other City buildings are not commercial so the regulation would not kick in; and that the regulation kicks in with TXI leasing the building as commercial. There was discussion on whether the City was skirting its own rules and regulations; making TXI pay for the fence, to which it was stated

that in lease agreements, such fences are usually built by the landowners; and that if the wall were to be built, the City would move fairly quickly. In answer to questions from Council, Mr. Lowry stated that if Council goes with the option of creating a variance process tied to a percentage of property owners, it needs some permanency attached to it as it deals with zoning and land use; and that the percentage of property owners could be defined as some perimeter of properties and that it is based on property ownership that adjoins the fence. There was discussion on ordinances protecting residents; defining adjacent residential neighborhoods; this being a unique situation; the three scenarios where this situation could happen including new commercial property going in next to residential, a property being converted from residential to commercial, and a public building being converted for commercial use. City Manager Beverly Griffith stated that the residential property to the west of the building is shown to be commercial on the City's Comprehensive Plan. In answer to questions from Council, Facilities Manager Chuck Carlisle stated that the residents did not want the area to look like some sort of prison, that they liked the aesthetic value of trees and open spaces, and that it would hurt the curb appeal of the apartment complex. A majority of Council asked staff to move forward on creating a variance procedure in conjunction with having a significant percentage of residents being opposed to a wall.

Mayor Griffin adjourned the Work Session at 6:41 p.m.

### **EXECUTIVE SESSION**

**To convene in the conference room in compliance with Section 551.001 et. Seq. Texas Government Code, to discuss the following:**

- a) Pursuant to Section 551.071, consultation with City Attorney regarding pending or contemplated litigation regarding 533 Bedford Road.**
- b) Pursuant to Section 551.071, consultation with City Attorney regarding pending or contemplated litigation – Jonathan David Tsuchiya vs. The State of Texas et al.**

Executive Session was moved to the end of the Regular Session.

Council convened into Executive Session pursuant to Texas Government Code Section 551.071, consultation with City Attorney regarding pending or contemplated litigation regarding 533 Bedford Road and Section 551.071, consultation with City Attorney regarding pending or contemplated litigation – Jonathan David Tsuchiya vs. The State of Texas et al, at 7:18 p.m.

Council reconvened from Executive Session at approximately 7:39 p.m.

Any necessary action to be taken as a result of the Executive Session will occur during the Regular Session of the Bedford City Council Meeting.

### **REGULAR SESSION 6:30 P.M.**

The Regular Session began at 6:42 p.m.

### **CALL TO ORDER/GENERAL COMMENTS**

Mayor Griffin called the meeting to order. He stated that Council Members Brown and Davisson were unable to attend the meeting.

### **INVOCATION**

Councilmember Turner gave the invocation.

### **PLEDGE OF ALLEGIANCE**

The Pledge of Allegiance was given.

### **OPEN FORUM**

Nobody chose to speak during Open Forum.

### **CONSIDER APPROVAL OF ITEMS BY CONSENT**

Motioned by Councilmember Champney to approve the following items by consent: 1, 3 and 4 with the change for Item #3 to incorporate the new verbiage for the addition to the Mission Statement.

Councilmember Turner discussed an amendment to the minutes for the February 25, 2014 regular meeting regarding the Investment Committee report, where it should read the City's return for 2013 was eight basis points instead of eight percent.

Councilmember Champney amended his motion to approve the following items by consent: the change to the minutes as stipulated by Councilmember Turner in relationship to the eight percent versus eight basis points from the financial report, 1, 3 and 4, with the appropriate adjustment to Item #3 incorporating arts and culture as part of the Mission Statement. The motion was seconded by Councilmember Nolan.

Motion approved 5-0-0. Mayor Griffin declared the motion carried.

### **APPROVAL OF THE MINUTES**

#### **1. Consider approval of the following City Council minutes:**

- a) February 24, 2014 joint work session**
- b) February 25, 2014 regular meeting**

This item was approved by consent with a change to the minutes of the February 25, 2014 regular meeting as follows: The report on the Investment Committee meeting stating that the City's overall return for 2013 was eight basis points instead of eight percent.

### **PERSONS TO BE HEARD**

#### **2. The following individual has requested to speak to the Council tonight under Persons to be Heard.**

- a) Norman Ashton, 3304 Norman Lane, Bedford, Texas 76021 – Requested to speak to the Council regarding home businesses.**

Norman Ashton, 3304 Norman Lane, Bedford, Texas – Mr. Ashton requested to speak to Council regarding code compliance with home businesses. His goal is for his property values stay up and that things are not done to the neighborhoods to decline property values. He stated that since January 1, the City has seen a seven percent decrease in property values based on information from Trullia.com. The Council has part of their guidance to keep property values at the front and to maintain them. He stated that he called Code Compliance a year ago regarding a neighbor operating a small engine repair shop. The neighbor had 30 items listed on Craigslist and there was continuous noise from two-cycle engines. A Code Officer came out and told Mr. Ashton that he was the problem, that the neighbor said that Mr. Ashton was upset because he had been woken up early on a Saturday, and that the engines were for the homeowner and the Boy Scouts. He sent an email to Council last Easter Sunday in which he told them about the shop. Code went out again and found no code violations. He stated that home businesses should be transparent and not increase people or traffic in the neighborhood, and that it is unclear about that term being in the ordinance. He recently used the Better in Bedford app to report a noise nuisance. He was contacted by Officer Brett Bowen who met with the homeowner and told them that they were in violation of the ordinance. There has been a decrease in traffic and Craigslist advertisements. He stated that the three critical focus areas of the Council are economic development, City codes, and the budget. He displayed pictures of items being sold on Craigslist over a two-week period. All the maintenance is being performed in a garage and a new shed in the back yard, and there are fuel smells. He was told the previous year that the City ordinance does not mandate that a home business be transparent to the neighborhood. Items to be considered are decreased property values as nobody would want to purchase a home next to a small engine repair shop, unwanted neighborhood

traffic, hazardous material storage, and grease on the sidewalks. He asked that the ordinance be reevaluated in regards to transparency for home businesses. He likes home businesses and thinks they should be allowed as long as they are transparent.

There was discussion on changes to Code Compliance and this issue being addressed and followed-up on. In answer to questions from Council, Mr. Ashton stated that the pictures were pulled off of the Craigslist website about three months previously; that the Better in Bedford app shows nearby issues and may hinder Code Compliance; that Code Compliance could not find any signs of grease on the sidewalks; that there are spots on the asphalt that may be coming from cars coming and going; and that the gasoline smell has not been that bad the last couple of weeks. In answer to questions from Council, Chief Gibson stated that the Police Department took over Code Compliance in June of the previous year and that they responded to the first complaint later that month. The officer did not see a violation and closed out the complaint. In January, Deputy Chief Les Hawkins saw the neighbor and asked Officer Bowen to go to the location. The neighbor stated that the engine repair was a hobby and agreed that after he sells a certain amount of items, he will be done. There are currently four items on Craigslist, only one of which has to do with lawn care. He stated that he is not aware of the smell issue.

There was discussion on having staff make changes to the ordinance to rectify the situation moving forward; looking at gaps in the ordinance based on this discussion; the meaning of the term "transparency" and that it comes out of case law; and that the City's ordinance is not dissimilar to other cities when it comes to home occupations. In answer to questions about a decline in home values, Ms. Griffith stated that the decline mentioned is in listing prices rather than assessed value.

### **NEW BUSINESS**

- 3. Consider a resolution of the City Council of the City of Bedford, Texas amending the Mission Statement and the Focus Areas for the City of Bedford as determined during the 2014 City Council Strategic Planning Session, to be effective upon its passage.**

This item was approved by consent with the wording of Item #7 in the Council's mission statement to read: "Support and develop arts and culture in Bedford."

- 4. Consider a resolution authorizing the purchase and installation of replacement shower units at Splash in the amount of \$24,996 from Riley Plumbing and Mechanical.**

This item was approved by consent.

- 5. Report on most recent meeting of the following Boards and Commissions:**
  - ✓ **Animal Shelter Advisory Board - Councilmember Boyter**

No report was given.

- ✓ **Beautification Commission - Councilmember Turner**

Councilmember Turner encouraged everybody to take advantage of Clean Up Bedford Day, which is on March 29 starting at 8:00 a.m. at Meadow Park. It will be held in conjunction with Chunk Your Junk Day.

- ✓ **Community Affairs Commission - Councilmember Boyter**

No report was given.

- ✓ **Cultural Commission - Councilmember Nolan**

Councilmember Nolan reported that the Commission will meet the following week and reminded everybody of the Twilight Thursday event on April 3.

- ✓ **Library Board - Councilmember Davisson**

No report was given.

✓ **Parks & Recreation Board - Councilmember Davisson**

No report was given.

✓ **Senior Citizen Advisory Board - Councilmember Turner**

Councilmember Turner stated that the Board will meet again in April.

✓ **Teen Court Advisory Board - Councilmember Champney**

Councilmember Champney reported that the Board met the previous Thursday and is finalizing plans for the Teen Court Banquet on April 3. He addressed what Council discussed at their work session about the Council helping the Board in performing their functions.

**6. Council member reports**

No other reports were given.

**7. City Manager/Staff Reports**

No report was given.

**8. Take any action necessary as a result of the Executive Session**

No action was necessary as a result of the Executive Session.

**ADJOURNMENT**

Mayor Griffin adjourned the meeting at 7:40 p.m.

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Jim Griffin, Mayor

ATTEST:

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Michael Wells, City Secretary



# Council Agenda Background

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**PRESENTER:** See below

**DATE:** 03/25/14

**Persons to be Heard**

**ITEM:**

- a) Jessica Feldt, 2124 Shady Grove Drive, Bedford, Texas 76021 – Requested to speak to the Council regarding Ordinance No. 12-3039 Section 54-70 and requests that the Council allow/approve property owners to use reusable containers to store trash and also to dispose of trash from their property.
- b) Kevin King, 1717 Arbor Mill Circle, Bedford, Texas 76021 – Requested to speak to the Council regarding the US Constitution.

**City Manager Review:** \_\_\_\_\_

**DISCUSSION:**

N/A

**ATTACHMENTS:**

Letters of Request

**From:** Jessica Feldt [REDACTED]  
**Sent:** Thursday, March 13, 2014 2:05 PM  
**To:** Wells, Michael  
**Subject:** request to speak at the 03/25 board meeting.

Mr. Wells,

Per my phone call I would like to be put on the agenda to speak at the 03/25 city council meeting

My name is Jessica Feldt

My address is 2124 Shady Grove Dr. Bedford TX 76021

The reason I would like to speak is in regarding to Ord. No. 12-3039 section 54-70. I would like to request the council to allow/approve property owners to use reusable containers to store trash and also to dispose of trash from their property.

This suggestion has a positive impact on our environment, and would aid home owners in comply with the city code above.

Thank you,  
Jessica Feldt  
Home owner

3/19/14  
Rec'd 11:24 AM  
Kp.

March 19, 2014

I, Kevin Scott King, request a position in the 'Persons to be Heard' section of the March 25<sup>th</sup> City Council meeting for the City of Bedford, TX. The subject will be 'The US Constitution'.

Address:  
1717 Arbor Mill Cr  
Apt 1622  
Bedford, TX 76021

Regards,

A handwritten signature in blue ink, appearing to read 'Kevin King', with a stylized flourish extending from the end.

Kevin King



# Council Agenda Background

**PRESENTER:** David Miller, Deputy City Manager

**DATE:** 03/25/14

**Council Mission Area:** Be responsive to the needs of the community.

**ITEM:**

Consider a resolution authorizing the City Manager to enter into a Marketing License Agreement with Utility Service Partners (d/b/a Service Line Warranties of America) for the National League of Cities (NLC) Service Line Warranty Program.

**City Attorney Review:** Yes

**City Manager Review:** \_\_\_\_\_

**DISCUSSION:**

At the February 25, 2014 Council Meeting, Council considered this resolution regarding a marketing agreement with Utility Service Partners (d/b/a Service Line Warranties of America) (USP). At that time, Council requested additional information, including additional letter templates, example letters, and further information on the RFQ process used by the North Central Texas Council of Governments (NCTCOG).

Attached are the letter templates provided by USP, which can be further modified to suit the Council, and examples of actual letters used by cities participating in the program. NCTCOG initiated the RFQ process in 2010 and engaged in a competitive process, which included the participation of five member cities (Carrollton, Plano, Arlington, Forney, and Crandall). The evaluation team scored the submittals based on the criteria set forth in the RFQ, as listed below:

- Philosophy of the firm as presented in cover letter
- Stipulations of the service contract
- Timeline for initial rollout
- Quality of the service provider's claims process (including denial rate)
- Handling of customer grievances
- Quality of service provider's current partnership with cities, utility providers, municipalities, etc.
- Level of communication to citizens about warranty program including: annual caps, event caps, questions/concerns
- Level of customer protection if: the company goes out of business, there is a lien placed on the home, etc.
- Sustainability of firm based on financial information
- Remuneration to COG/cities is a best fit for our situation
- Ability and willingness of service provider to work with NCTCOG/cities
- Experience with similar projects
- References
- Quality of partnership contracts
- Quality of homeowner contracts
- Qualifications of key personnel: managers, supervisors, and other team members
- Contractor screening process
- Included any affirmative action programs (if included, please add 3 points)
- Quality of Responses: overall RFQ is written clearly and succinctly
- Service provider has a clear understanding of the project

For your reference, below are the highlights from the service agreement:

- The agreement term is three years with automatic renewals of one year. The City has the ability to terminate the agreement with 90-day written notice.
- A License Fee of \$0.50 for each month a Warranty shall be in force for a Residential Property Owner. This will be paid annually in January.
- Two Marketing Campaigns will be conducted each year, in the spring and fall.
- The Warranty Pricing is as follows:
  - Sewer
    - Year 1 - \$7.75 per month; \$88.00 annually
    - Year 2 - \$7.75 per month; \$88.00 annually (subject to annual review)
    - Year 3 - \$7.75 per month; \$88.00 annually (subject to annual review)
  - Water
    - Year 1 - \$5.75 per month; \$64.00 annually
    - Year 2 - \$5.75 per month; \$64.00 annually (subject to annual review)
    - Year 3 - \$5.75 per month; \$64.00 annually (subject to annual review)

**RECOMMENDATION:**

If the City Council desires to participate in this program, please use the following motion:

Approval of a resolution authorizing the City Manager to enter into a Marketing License Agreement with Utility Service Partners (d/b/a Service Line Warranties of America) for the National League of Cities (NLC) Service Line Warranty Program.

**FISCAL IMPACT:**

Revenue: License Fee of \$0.50 each month, per product/household, to be paid annually

**ATTACHMENTS:**

Resolution  
Marketing License Agreement  
Letter Templates  
Example Letters  
Marketing Materials from USP

RESOLUTION NO. 14-

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A MARKETING LICENSE AGREEMENT WITH UTILITY SERVICE PARTNERS (D/B/A SERVICE LINE WARRANTIES OF AMERICA) FOR THE NATIONAL LEAGUE OF CITIES (NLC) SERVICE LINE WARRANTY PROGRAM.

WHEREAS, sewer and water line laterals between the mainlines and the connection on the residential private property are owned by individual residential property owners; and,

WHEREAS, the City Council of Bedford, Texas desires to offer Residential Property owners the opportunity, but not the obligation, to purchase a service line warranty; and,

WHEREAS, Utility Service Partners Private Label, Inc. (d/b/a Service Line Warranties of America) is the administrator of the National League of Cities Service Line Warranty Program and has agreed to provide the Warranty to Residential Property Owners subject to the terms and conditions in the agreement.

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

SECTION 1. That the recitals above are found to be true and correct, and are incorporated herein.

SECTION 2. That the City Council does authorize the City Manager to enter into a Marketing License Agreement with Utility Service Partners (d/b/a Service Line Warranties of America) for the National League of Cities Service Line Warranty Program.

PRESENTED AND PASSED this 25th day of March 2014, by a vote of \_\_\_ ayes, \_\_\_ nays and \_\_\_ abstentions, at a regular meeting of the City Council of the City of Bedford, Texas.

\_\_\_\_\_  
Jim Griffin, Mayor

ATTEST:

\_\_\_\_\_  
Michael Wells, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Stan Lowry, City Attorney

**SEWER AND WATER LINE MARKETING LICENSE AGREEMENT BETWEEN THE  
CITY OF BEDFORD, TEXAS, AND UTILITY SERVICE PARTNERS PRIVATE  
LABEL, INC. D/B/A SERVICE LINE WARRANTIES OF AMERICA**

This SEWER AND WATER LINE MARKETING LICENSE AGREEMENT ("Agreement") entered into as of [\_\_\_\_\_, 20\_\_] ("Effective Date"), by and between the City of Bedford, Texas ("City"), and Utility Service Partners Private Label, Inc. d/b/a Service Line Warranties of America ("SLWA"), herein collectively referred to singularly as "Party" and collectively as the "Parties".

**RECITALS:**

**WHEREAS**, sewer and water line laterals between the mainlines and the connection on residential private property are owned by individual residential property owners ("Residential Property Owner"); and

**WHEREAS**, City desires to offer Residential Property Owners the opportunity, but not the obligation, to purchase a service line warranty ("Warranty"); and

**WHEREAS**, SLWA is the administrator of the National League of Cities Service Line Warranty Program and has agreed to provide the Warranty to Residential Property Owners subject to the terms and conditions contained herein; and

**NOW, THEREFORE**, in consideration of the foregoing recitals, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and with the intent to be legally bound hereby, the Parties agree as follows:

**AGREEMENT**

- 1. Purpose.** City hereby grants to SLWA the right to offer the Warranty to Residential Property Owners subject to the terms and conditions herein.
  
- 2. Grant of License.** City hereby grants to SLWA a non-exclusive license ("License") to use City's name and logo on letterhead, bills and marketing materials to be sent to Residential Property Owners from time to time, and to be used in advertising, all at SLWA's sole cost and expense and subject to City's prior review and approval, which will not be unreasonably conditioned, delayed, or withheld. City agrees that it will not extend a similar license to any competitor of SLWA during the term of this Agreement.

**3. Term.** The term of this Agreement ("Term") shall be for three (3) years from the Effective Date. The Agreement will automatically renew for additional one (1) year terms ("Renewal Term") unless one of the Parties gives the other written notice at least ninety (90) days prior to end of the Term or of a Renewal Term that the Party does not intend to renew this Agreement. Notwithstanding the above, either party may terminate this agreement, without cause, by giving the other party ninety (90) days written notice. In the event that SLWA is in material breach of this Agreement, the City may terminate this Agreement thirty (30) days after giving written notice to SLWA of such breach, if said breach is not cured during said thirty (30) day period. SLWA will be permitted to complete any marketing initiative initiated or planned prior to termination of this Agreement after which time, neither Party will have any further obligations to the other and this Agreement will terminate. During the Term, SLWA shall conduct a Spring and Fall campaign each year in accordance with the schedules set forth in Exhibit A. The pricing for each such campaign shall be in accordance with Exhibit A attached hereto.

**4. Consideration.** As consideration for such license, SLWA will pay to City a License Fee of [Fifty-Cents (\$.50)] for each month a Warranty shall be in force for a Residential Property Owner ("License Fee") during the term of this Agreement. The first payment shall be due by January 30th of the year following the conclusion of first year of the Term. Succeeding License Fee payments shall be made on an annual basis throughout the Term and any Renewal Term, due and payable on January 30th of the succeeding year. Each License Fee payment herein shall be paid within thirty (30) days after it becomes due. SLWA shall include with each License Fee payment to City a statement signed by an SLWA corporate officer certifying the calculation of the License Fee. City will have the right, at its sole expense, to conduct an audit, upon reasonable notice and during normal business hours, of SLWA's books and records pertaining to any fees due under this Agreement while this Agreement is in effect and for one (1) year after any termination of this Agreement.

**5. Indemnification.** SLWA hereby agrees to protect, indemnify, and hold the City, its elected officials, officers, employees and agents (collectively or individually, "Indemnatee") harmless from and against any and all claims, damages, losses, expenses, suits, actions, decrees, judgments, awards, attorneys' fees and court costs (individually or collectively, "Claim"), which an Indemnatee may suffer or which may be sought against or are recovered or obtainable from an Indemnatee, as a result of, or by reason of, or arising out of or in consequence of any act or omission, negligent or otherwise, of the SLWA or its officers, employees, contractors, subcontractors, agents or anyone who is directly or indirectly employed by, or is acting in concert with, the SLWA or its officers, its employees, contractors, subcontractors, or agents in the performance of this Agreement; provided that the applicable Indemnatee notifies SLWA of any such Claim within a time that does not prejudice the ability of SLWA to defend against such Claim. Any Indemnatee hereunder may participate in its, his, or her own defense, but will be responsible for all costs incurred, including reasonable attorneys' fees, in connection with such participation in such defense.

**6. Notice.** Any notice required to be given hereunder shall be deemed to have been given

when notice is (i) received by the Party to whom it is directed by personal service or (ii) deposited as registered or certified mail, return receipt requested, with the United States Postal Service, addressed as follows:

**To:** City:  
ATTN: David Miller  
City of Bedford  
2000 Forest Ridge  
Bedford, TX 76021  
Phone: (817) 952-2101

**To:** SLWA:  
ATTN: Vice President, Business Development  
Utility Service Partners Private Label, Inc.  
11 Grandview Circle, Suite 100  
Canonsburg, PA 15317  
Phone: (724) 749-1003

**7. Modifications or Amendments/Entire Agreement.** Any and all of the representations and obligations of the Parties are contained herein, and no modification, waiver or amendment of this Agreement or of any of its conditions or provisions shall be binding upon a party unless in writing signed by that Party.

**8. Assignment.** This Agreement and the License granted herein may not be assigned by SLWA without the prior written consent of the City.

**9. Counterparts/Electronic Delivery.** This Agreement may be executed in counterparts, all such counterparts will constitute the same contract and the signature of any Party to any counterpart will be deemed a signature to, and may be appended to, any other counterpart. Executed copies hereof may be delivered by facsimile or e-mail and upon receipt will be deemed originals and binding upon the Parties hereto, regardless of whether originals are delivered thereafter.

**10. Choice of Law/Attorney Fees.** The governing law shall be the laws of the State of Texas. In the event that at any time during the Term or any Renewal Term either Party institutes any action or proceeding against the other relating to the provisions of this Agreement or any default hereunder, then the unsuccessful Party shall be responsible for the reasonable expenses of such action including reasonable attorney's fees, incurred therein by the successful Party. Venue for any litigation shall be in Tarrant County, Texas.

**11. Incorporation of Recitals and Exhibits.** The above Recitals and Exhibit A attached hereto are incorporated by this reference and expressly made part of this Agreement.

**IN WITNESS WHEREOF**, the Parties hereto have executed this Agreement on the day and year first written above.

**SEWER AND WATER LINE MARKETING LICENSE AGREEMENT BETWEEN THE CITY OF BEDFORD AND UTILITY SERVICE PARTNERS PRIVATE LABEL, INC. D/B/A SERVICE LINE WARRANTIES OF AMERICA**

**CITY OF BEDFORD**

By: \_\_\_\_\_

**UTILITY SERVICE PARTNERS PRIVATE LABEL, INC.**

By: \_\_\_\_\_

Brad H. Carmichael, Vice President

By: \_\_\_\_\_

Edwin F. Westfield, III, Chief Financial Officer

Exhibit A  
NLC Service Line Warranty Program  
City of Bedford, TX  
Term Sheet  
February 5, 2014  
(Term Sheet valid for 90 days)

- I. Term of agreement
  - a. Initial term
    - i. Three years guaranteed (total of 6 campaigns)
- II. Annual royalty – \$0.50 per month per paid warranty contract
  - a. City logo on marketing materials (resident letter and outer envelope)
  - b. Signature by city official
- III. Products offered
  - a. External sewer line warranty
  - b. External water line warranty
- IV. Scope of Coverage
  - a. External sewer line warranty
    - i. Scope is from the street curb until line daylights inside home...of which includes the service line under the concrete floor. [Note: **If homeowner responsibility is different than this language, please advise.**]
  - b. External water line warranty
    - i. Scope is from the meter and/or curb box until it daylights inside home...of which includes the service line under the concrete floor. [Note: **If homeowner responsibility is different than this language, please advise.**]
- V. Marketing Campaigns – two seasonal campaigns per year (Spring and Fall)
  - a. 2014 Spring - Sewer
  - b. 2014 Fall - Water
  - c. 2015 Spring - Sewer
  - d. 2015 Fall - Water
  - e. 2016 Spring - Sewer
  - f. 2016 Fall - Water
- VI. Pricing
  - a. Sewer
    - i. Year 1 - \$7.75 per month; \$88.00 annually
    - ii. Year 2 - \$7.75 per month; \$88.00 annually (subject to annual review)
    - iii. Year 3 - \$7.75 per month; \$88.00 annually (subject to annual review)
  - b. Water
    - i. Year 1 - \$5.75 per month; \$64.00 annually
    - ii. Year 2 - \$5.75 per month; \$64.00 annually (subject to annual review)
    - iii. Year 3 - \$5.75 per month; \$64.00 annually (subject to annual review)



T1 P1\*\*\*\*\*AUTO\*\*5-DIGIT 26301  
John Smith  
987 Main Street  
Anytown, ST 12345



Contact ID: 1234567

Re: Sewer Service Line Repair  
Coverage for [City] Homeowners

Reminder - Please disregard if you have already enrolled

Dear [Customer Name]:

Did you know that necessary repairs to the sewer line that runs between your home and the public utility connection are the **responsibility of the homeowner**? You may be aware of efforts in communities across the country to improve our public water and sewer service lines. The lines on your property are subjected to the same elements as the [City] service lines – root invasion, ground shifting, fluctuating temperatures, age and more. Repair costs for a broken or leaking sewer line on your property can cost you between \$1,300 to upwards of \$3,500 – a cost that can be hard on your budget.

As a [City] homeowner and city official committed to introducing programs that will help improve quality of life and bring cost savings to residents, I am pleased to introduce the Service Line Warranties of America (SLWA) Sewer Line Warranty Program. For a small fee, sewer line repair coverage is provided up to \$4,000 per repair, with no annual caps or service fees. In the event of a broken, clogged or leaking service line on your property, with a single call to a 24-hour toll-free hotline, a local, licensed, reputable plumber will be dispatched to your residence quickly to make the repair...it's that simple!

As an accredited BBB organization that has maintained an A+ rating for more than 10 years, Service Line Warranties of America has helped more than 60,000 homeowners across the country save over \$45 million in service line repair costs. The SLWA Sewer Line Warranty Program is the **only** service line protection program for homeowners **endorsed by the [City] City Council**.

**Enroll by [Date] to receive a discounted price of \$\_\_\_\_, which represents a savings of over \_\_% on the standard monthly price. Save even more with an annual payment of \$\_\_\_\_\_ and SLWA will waive the normal 30 day waiting period – so you'll enjoy immediate coverage!**

Return the completed bottom portion of this letter in the enclosed, self-addressed, stamped envelope, or call **1-800-000-000** to speak with an SLWA agent Monday through Friday 8:00 am to 6:00 pm EDT. You can also learn more – or enroll online – at **www.slwofa.com**.

Sincerely,

Mayor Name  
Mayor

Complete warranty terms and conditions will be provided following enrollment. Program participation may be terminated at any time. You have 30 days from the date you enroll to receive a full refund. After 30 days, you will be reimbursed the pro rata share of any amount you paid for any portion of the warranty period subject to cancellation.

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[LETTERCD]



John Smith  
987 Main Street  
Anytown, ST 12345  
Contact ID: 1234567

To enroll or to view the Terms and Conditions, please visit [www.slwofa.com](http://www.slwofa.com).

Please mark your selection:

- Yes, please enroll me in the Sewer Line Warranty for just \$\_\_\_\_\_ per month.
- I want to save more. Enroll me in the Sewer Line Warranty for \$\_\_\_\_\_ per year.

I certify to the best of my knowledge that my line is in good working order.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





T1 P1\*\*\*\*\*AUTO\*\*5-DIGIT 26301  
John Smith  
987 Main Street  
Anytown, ST 12345



Contact ID: 1234567

Re: Service Line Repair Coverage  
for Home/Property Owners

Reminder - Please disregard if you have already enrolled

Dear [Customer Name]:

Did you know that necessary repairs to the sewer line that runs between your home and the public utility connection are the **responsibility of the homeowner**? While efforts are underway in many communities to improve public water and sewer systems, these fixes don't address the sewer lines located on your property, which are subject to the same conditions as public lines – ground shifting, root invasion, fluctuating temperatures, age and more.

Should a sewer line on your property fail, you will need to find a reliable plumber to make the repair, which can cost \$1,300 to upwards of \$3,500, a big hit to a budget. To help protect your budget from unexpected, expensive service line repairs, and in keeping with our commitment to introduce programs to our residents that provide cost savings and enhance quality of life, [City] is bringing a Sewer Line Warranty Program to our homeowners. After evaluating available options, the **Service Line Warranties of America (SLWA)** Sewer Line Warranty Program has been determined to provide the best value for our homeowners. For a small fee, needed repairs to your sewer line will be covered up to \$4,000 per repair incident with no service fees or deductibles, annual or lifetime limits. If your sewer fails, simply call the 24-hour toll-free number to speak with an SLWA agent who will quickly dispatch a local, licensed, reputable plumber to make the repair.

[City/City Council] **fully supports** the SLWA Service Line Warranty Program. An A+ accredited Better Business Bureau member for more than 10 years, Service Line Warranties of America has helped more than 60,000 homeowners across the country save more than \$45 million in service line repair costs. To learn more about the program – and read what homeowners think – visit [www.slwofa.com](http://www.slwofa.com).

**Enroll by [Date] to receive a discounted price of \$\_\_\_\_, which represents a savings of over \_\_% on the standard monthly price, or save even more with the \$\_\_\_\_ annual payment. And, SLWA will waive the 30 day waiting period, so you'll receive immediate coverage!**

Call **1-800-000-0000** to speak with an SLWA agent Monday through Friday between 8:00 am and 6:00 pm EDT, or return the completed bottom portion of this letter in the enclosed, self-addressed, stamped envelope or enroll online at [www.slwofa.com](http://www.slwofa.com).

Sincerely,

Mayor Name  
Mayor

Complete warranty terms and conditions will be provided following enrollment. Program participation may be terminated at any time. You have 30 days from the date you enroll to receive a full refund. After 30 days, you will be reimbursed the pro rata share of any amount you paid for any portion of the warranty period subject to cancellation.

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[LETTERCD]



John Smith  
987 Main Street  
Anytown, ST 12345  
Contact ID: 1234567

To enroll or to view the Terms and Conditions, please visit [www.slwofa.com](http://www.slwofa.com).

Please mark your selection:

- Yes, please enroll me in the Sewer Line Warranty for just \$\_\_\_\_ per month.
- I want to save more. Enroll me in the Sewer Line Warranty for \$\_\_\_\_ per year.

I certify to the best of my knowledge that my line is in good working order.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





T1 P1\*\*\*\*\*AUTO\*\*5-DIGIT 26301  
John Smith  
987 Main Street  
Anytown, ST 12345



Contact ID: 1234567

Re: Sewer Service Line Repair  
Coverage for Homeowners

**Reminder - Please disregard if you have already enrolled**

Dear [Customer Name]:

Did you know that necessary repairs to the sewer line that runs between your home and the public utility connection are the **responsibility of the homeowner**? Whether the service line is located on your property or lies beneath the city, it is impacted by the same elements – ground shifting, root invasion, fluctuating temperatures, age and more. Should the sewer line on your property spring a leak, clog or break, you will have to find and pay a plumber to make the repair, which can cost \$1,300 to upwards of \$3,500. The expense of this kind of repair can wreak havoc on a family’s budget and is not usually covered by a homeowner’s policy.

National efforts are underway in communities across the country to invest in improvements to our public water and sewer lines; however, repairs to the sewer line that runs from your home to the public utility connection remain the responsibility of the homeowner.

As part of our continuing effort to bring cost-saving programs and services to the community, [City] is working with Service Line Warranties of America (SLWA) to offer sewer line repair protection. For a small fee, sewer line repair coverage of up to \$4,000 per repair is available to [City] homeowners. There are no deductibles or service fees and no annual or lifetime limits with this warranty. Participation in the SLWA warranty program is optional, but could potentially save you money. Visit [www.slwofa.com](http://www.slwofa.com) to learn how the program has helped more than 60,000 homeowners across the country save over \$45 million in service line repair costs.

**Enroll by [Date] to pay just \$\_\_\_\_\_ per month – a savings of more than \_\_\_% on the standard price, or save even more with an annual payment of \$\_\_\_\_\_. And, SLWA will waive the normal 30 day waiting period – so you’ll enjoy immediate coverage!**

Call **1-800-000-0000** Monday through Friday between 8:00 am and 6:00 pm EDT to speak with an SLWA agent, or return the completed bottom portion of this letter in the enclosed, self-addressed, stamped envelope or enroll online at [www.slwofa.com](http://www.slwofa.com).

Sincerely,

City Official Name  
City Official Title

Complete warranty terms and conditions will be provided following enrollment. Program participation may be terminated at any time. You have 30 days from the date you enroll to receive a full refund. After 30 days, you will be reimbursed the pro rata share of any amount you paid for any portion of the warranty period subject to cancellation.

✂ Cut here

[LETTERCD]



John Smith  
987 Main Street  
Anytown, ST 12345  
Contact ID: 1234567

**To enroll or to view the Terms and Conditions, please visit [www.slwofa.com](http://www.slwofa.com).**

**Please mark your selection:**

- Yes, please enroll me in the Sewer Line Warranty for just \$\_\_\_\_\_ per month.
- I want to save more. Enroll me in the Sewer Line Warranty for \$\_\_\_\_\_ per year.

I certify to the best of my knowledge that my line is in good working order.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





T1 P1\*\*\*\*\*AUTO\*\*5-DIGIT 26301  
John Smith  
987 Main Street  
Anytown, ST 12345



Contact ID: 1234567

Re: Service Line Repair Protection  
for [City] Homeowners

**Reminder - Please disregard if you have already enrolled**

Dear [Customer Name]:

Were you aware that the sewer line that runs between your home and the public utility connection is the responsibility of the homeowner and repairs to these lines are usually not covered by homeowner's insurance? These lines have been subjected to the same elements that have caused our public service lines to decay – ground shifting, root invasion, fluctuating temperatures, age and more.

A national initiative is underway to repair and replace the water and sewer lines that enable us to supply our residents with fresh drinking water and properly process waste water. While the initiative addresses our public service lines, the cost of repairs for failed sewer lines on your property will come out of your budget and can cost between \$1,300-\$3,500 or more!

As part of our continuing effort to bring programs and services to the community that help residents save money and improve quality of life, [City] is introducing the Service Line Warranties of America (SLWA) Sewer Line Warranty Program to home/property owners in our community. The SLWA Sewer Line Warranty Program offers sewer line repair protection of up to \$4,000 per incident with no additional service fees or deductibles and no annual or lifetime limits. Visit [www.slwofa.com](http://www.slwofa.com) to learn how the program has helped over 60,000 homeowners save more than \$45 million in service line repair costs.

**Enroll by [Date] to pay just \$\_\_\_\_\_ per month – a savings of more than \_\_\_% on the standard price, or save even more with an annual payment of \$\_\_\_\_\_. And, SLWA will waive the normal 30 day waiting period – so you'll enjoy immediate coverage!**

Participation in the SLWA warranty program is optional and voluntary, but could potentially save you money. No public funds are used in the marketing or administration of this program, and no financial investment was required to bring the program to [City] residents. To enroll, simply return the completed bottom portion of this letter in the enclosed, self-addressed, stamped envelope, or call **1-800-000-0000** Monday through Friday 8:00 am to 6:00 pm EDT to speak with an SLWA agent or enroll online at [www.slwofa.com](http://www.slwofa.com).

Sincerely,

City Official Name  
City Official Title

Complete warranty terms and conditions will be provided following enrollment. Program participation may be terminated at any time. You have 30 days from the date you enroll to receive a full refund. After 30 days, you will be reimbursed the pro rata share of any amount you paid for any portion of the warranty period subject to cancellation.

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[LETTERCD]



John Smith  
987 Main Street  
Anytown, ST 12345  
Contact ID: 1234567

To enroll or to view the Terms and Conditions, please visit [www.slwofa.com](http://www.slwofa.com).

Please mark your selection:

- Yes, please enroll me in the Sewer Line Warranty for just \$\_\_\_\_\_ per month.
- I want to save more. Enroll me in the Sewer Line Warranty for \$\_\_\_\_\_ per year.

I certify to the best of my knowledge that my line is in good working order.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





Contact ID: 1234567

Re: Optional Coverage for Residents

Dear [Customer Name]:

This letter is to remind you about a partnership the City of Plano has entered into with Service Line Warranties of America (SLWA). This optional program is available to our residents through the National League of Cities (NLC) and the North Central Texas Council of Governments (NCTCOG). This letter is to inform you of your opportunity to participate in the service line warranty program however, your participation is strictly voluntary.

There are several reasons the City of Plano has entered into this partnership. As you may know, as a homeowner in the City of Plano, you are responsible for the maintenance and repair of your buried, outside sewer and water service lines that run between your home and the utility connection. This program provides coverage for service lines that can be affected by trees, shifting soils and deterioration due to age which is a benefit to the citizen. In addition, the City of Plano will receive 12% of all subscription revenue which will be used to help offset rising costs for City services such as streets, libraries, parks, police and fire.

SLWA offers a combined Sewer and Water Line Warranty which provides repair coverage for your outside, buried service lines for a small monthly fee. If you should need a repair, simply call the 24-hour hotline and SLWA will dispatch a local plumber no later than 48 hours, but typically within 24 hours. There are no service fees or deductibles. Repair costs are covered up to \$4,000 per incident, plus an additional allowance for public street or sidewalk cutting, if needed. Please understand this warranty program is administered solely by SLWA, who sub contracts with Plano plumbers to provide service.

**SLWA is offering a special bundled product designed to protect both your water and sewer lines for the exceptional price of \$103.00 per year to residents who enroll by November 18. Or if you prefer, you may elect to enroll only in the water line warranty which has an annual price of \$44.00. You can also enroll in the water line for \$4.25 per month by calling SLWA at the number below or visiting their website. Please note that SLWA will waive the normal 30 day waiting period so that your warranty will become effective when you enroll.**

To enroll, or to learn more about this optional program, please call **1-855-850-8264**, Monday through Friday 9:00 am to 5:00 pm, to speak with SLWA directly. Or if you prefer, you may return the bottom portion of this letter to SLWA in the enclosed, self-addressed, postage-paid envelope or visit [www.SLWofA.com](http://www.SLWofA.com).

The City of Plano does not endorse nor warrant the performance of any company. The purpose of this letter is to simply make you aware of one company that offers these services. The company has been vetted by the NCTCOG through a competitive process. Such sewer and water line coverage may also be available from other companies. Last, no public funds were used in the mailing of this letter. If you would like to verify this offering, please visit our local website at [www.plano.gov](http://www.plano.gov). If you would like to be removed from future mailings or have other questions, please contact SLWA at 1-855-850-8264.

Sincerely,

Bruce D. Glasscock  
City Manager

Tisha Hulburd  
Assistant Vice President, SLWA

Complete warranty terms and conditions will be provided following enrollment or you can view them online at [www.SLWofA.com](http://www.SLWofA.com). You may terminate your participation in a warranty program at any time. You have 30 days from the date you enroll to receive a full refund. After 30 days, you will be reimbursed the pro rata share of any amount you paid for any portion of the warranty period subject to cancellation.

✂ Cut here [LETTERC0]



John Smyth  
987 Main Street  
Anytown, ST 12345  
Contact ID: 1234567

To enroll or to view the terms and conditions please visit [www.SLWofA.com](http://www.SLWofA.com).

Please mark your selection:

- Yes! Please enroll me in the combined warranty for \$103.00 per year
- I want to enroll only in the water line warranty for \$44.00 per year

I certify to the best of my knowledge that my line is in good working order.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





# City of Hurst

Texas



Contact ID: 1234567

Re: Voluntary Coverage for Residents

**Reminder - Please disregard if you have already enrolled**

Dear [Customer Name]:

Were you aware that, as a homeowner in Hurst, you are responsible for the maintenance and repair of your buried, outside sewer service line that runs from your home to the utility connection? In today's difficult economy, many homeowners are unprepared for an unexpected and costly outside sewer line repair. With repair costs ranging from \$1,200 to as much as \$4,000 or more, this kind of expense can wreak havoc on a family's budget. That's why the City of Hurst is pleased to introduce a new optional Sewer Line Warranty Program, made available to our residents through an initiative between the National League of Cities (NLC) and Service Line Warranties of America (SLWA).

The SLWA Sewer Line Warranty Program covers the cost of repairs needed on your outside, buried sewer line for a small monthly fee, ensuring your line is free flowing and functioning. If you should need a repair, simply call SLWA's 24-hour hotline, and a local, qualified plumbing professional will be dispatched within 24 hours to perform the repair. There are no service fees or deductibles. Repair costs are covered up to \$4,000 per incident, with an additional \$4,000 allowance for public street cutting, if needed.

SLWA is one of the nation's largest and most trusted sources of utility line warranties. After a decade in business, SLWA has an A+ rating with the Better Business Bureau. The NLC, a national organization dedicated to helping city leaders build better communities, serves as a resource and advocate for 19,000 cities, towns and villages, representing more than 218 million Americans.

**SLWA has a special offer during this campaign. Enroll by November 18 and SLWA will waive the normal 30 day waiting period so that your warranty will become effective when you enroll – you'll get immediate coverage! Additionally, SLWA will offer a discounted price of \$7.75 per month, which represents a savings of over 11% on their standard monthly price. If you elect to pay annually, they will discount the cost further to \$88.00, which is over a 16% savings.**

Since 2003, SLWA and its family of companies have repaired service lines for more than 60,000 homeowners across the U.S. If you have not already set aside money for these types of expenses, please consider enrolling in the outside Sewer Line Warranty Program today.

To enroll, or to learn more about this voluntary program, please call **1-866-425-6222**, Monday through Friday, 9:00 a.m. to 5:00 p.m., to speak with SLWA directly. Or if you prefer, you may return the bottom portion of this letter to SLWA in the enclosed, self-addressed, postage-paid envelope or – you can enroll easily online at **www.SLWofA.com**.

Sincerely,

Richard Ward  
Mayor

Complete warranty terms and conditions will be provided following enrollment or you can view them online at [www.SLWofA.com](http://www.SLWofA.com). You may terminate your participation in a warranty program at any time. You have 30 days from the date you enroll to receive a full refund. After 30 days, you will be reimbursed the pro rata share of any amount you paid for any portion of the warranty period subject to cancellation.

----- ✂ Cut here ----- [LETTERGO]



John Smith  
987 Main Street  
Anytown, ST 12345  
Contact ID: 1234567

**To enroll or to view the terms and conditions please visit [www.SLWofA.com](http://www.SLWofA.com).**

**Please mark your selection:**

- Yes! Please enroll me in the outside sewer line warranty for just \$7.75 per month
- I want to save even more! I will pay just \$88.00 per year for the sewer line warranty

I certify to the best of my knowledge that my line is in good working order.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





LEWISVILLE  
Clean. Sustainable. Water. Bright Future.

The City recently coordinated efforts with the National League of Cities (NLC) and North Central Texas Council of Governments (NCTCOG) to inform residents of an optional utility service line warranty program made available through NLC by its administrator, Service Line Warranties of America (SLWA). This offer is not mandatory nor required by the City and is presented for your information only. You may use any plumbing service, company or other provider to service private residential water lines.



TH P1\*\*\*\*\*AUTO\*\*5-DIGIT 26301

John Smith  
987 Main Street  
Anytown, ST 12345



Contact ID: 1234567

Re: Coverage for Residents

Dear [Customer Name]:

As you may know, homeowners in the City of Lewisville are responsible for the maintenance and repair of the buried, outside water service line that runs from the utility connection to your home.

The Service Line Warranty Program, available through an initiative between the National League of Cities (NLC) and SLWA, offers a Water Line Warranty which will protect you from any repairs needed on your outside, buried water line for a small monthly fee. If you should need a repair, simply call the 24-hour hotline and SLWA will dispatch a local plumber no later than 48 hours, but typically within 24 hours\*. There are no service fees or deductibles. Repair costs are covered up to \$4,000 per incident, plus an additional \$500 allowance for public sidewalk cutting, if needed.

SLWA is proud to have been selected by NLC as a warranty service provider. The National League of Cities, representing over 218 million Americans, is the nation's oldest and largest organization devoted to strengthening and promoting cities as centers of opportunity, leadership and governance. You may receive letters from other companies promoting similar warranty programs; however, the SLWA Service Line Warranty Program is the only one that has been endorsed by NLC.

**SLWA has a special offer during this campaign. Enroll by [DATE] and SLWA will waive the normal 30 day waiting period so that your warranty will become effective when you enroll – you'll get immediate coverage! Additionally, SLWA will offer a discounted price of \$4.25 per month, which represents a savings of over 10% on their standard monthly price. If you elect to pay annually, they will discount the cost further to \$46.00, which is over a 19% savings.**

SLWA offers several billing frequencies and payment options, including invoice, credit card and direct debit from your checking account. Please note that no public funds were used in the creation or mailing of this letter.

To enroll, or to learn more about this program, please call SLWA at 1-800-000-0000, Monday through Friday, 9:00 am to 5:00 pm, or return the bottom portion of this letter in the enclosed, self-addressed, postage-paid envelope. You can link to our website at [www.SLWofA.com](http://www.SLWofA.com).

**The City of Lewisville has coordinated efforts with the National League of Cities and SLWA solely for the purpose of providing its residents an option for utility line service warranty with a discounted rate. The City of Lewisville has no responsibility or liability for the warranty program being provided by Service Line Warranties of America.**

Sincerely,

Tisha Hulburd  
Assistant Vice President  
Service Line Warranties of America

\*Complete warranty terms and conditions will be provided following enrollment or you can view them online at [www.SLWofA.com](http://www.SLWofA.com). You may terminate your participation in a warranty program at any time. You have 30 days from the date you enroll to receive a full refund. After 30 days, you will be reimbursed the pro rata share of any amount you paid for any portion of the warranty period subject to cancellation.

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[LETTERED]



John Smith  
987 Main Street  
Anytown, ST 12345  
Contact ID: 1234567

To enroll or to view the terms and conditions please visit [www.SLWofA.com](http://www.SLWofA.com).

Please mark your selection:

Yes! Please enroll me in the outside water line warranty for just \$4.25 per month

I want to save even more! I will pay just \$46.00 per year for the water line warranty

I certify to the best of my knowledge that my line is in good working order.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_





## NLC Service Line Warranty Program Highlights

- ◆ Nearly 200 cities participating nationwide
- ◆ No cost to or liability for the city to participate
- ◆ Healthy, ongoing annual revenue stream for city
- ◆ Educates homeowners about their lateral line responsibilities
- ◆ Program is endorsed by the National League of Cities
- ◆ Utility Service Partners handles all marketing and management of the program
- ◆ 24/7/365 bilingual customer service
- ◆ All repairs performed to city code by local, licensed contractors
- ◆ Reduces calls from residents to City Hall for lateral water and sewer line issues
- ◆ Homeowner billed by NLC Service Line Warranty Program
- ◆ USP is North Central Texas Council of Governments (NCTCG) Shared Services Program Partner
- ◆ City provides residents an affordable solution that covers cost of repairs to water and sewer lines for which the homeowner is responsible
- ◆ Saved more than 60,000 homeowners across the country over \$45 million in utility line repair costs

## Participating Cities (Sample of nearly 200)

### Large

Atlanta, GA

Madison, WI

Phoenix, AZ

San Diego, CA

### Small

Dayton, OH

Englewood, CO

Franklin Park, IL

Overland Park, KS

## NLC Service Line Warranty Program Benefits

City	Residents
Keeps money in the local economy by using contractors in the area	Affordable utility line repair solution for families on a budget
Reduces calls to City/Public Works when a homeowner's line fails	Repairs made within 24 hours of claim submittal/acceptance
Provides non-tax revenue stream without any investment	No service fees or deductibles
Keeps money in the local economy by using contractors in the area	No annual or lifetime limits on number of repair incidents
Educates homeowners about their service line responsibilities	Prevents aggravation of having to find a local reputable plumber
Ensures contractors are current on licenses and insurance and repairs are made according to city code	Keeps money in the homeowner's pocket; repairs cost between \$1,300 to upwards of \$4,000 without the warranty protection

## Accolades & Accomplishments

- ⊕ Accredited Better Business Bureau member with A+ rating for over 10 years
- ⊕ Recipient of the 2013 Western Pennsylvania Better Business Bureau Torch Award for Marketplace Ethics
- ⊕ Less than 3% of all submitted claims are denied – one of the industry's highest
- ⊕ A customer satisfaction rating that has exceeded 95% for more than a decade
- ⊕ 9 of 10 customers surveyed have recommended the program to friends, family and neighbors



## NLC Service Line Warranty Program City Testimonials



**Felicia Moore**  
Councilmember  
City of Atlanta, GA

“After four years of program participation (and over \$1 million spent by the NLC Program on Atlanta homeowner repairs), we continue to receive compliments from our constituents on our sharing this opportunity with them. Many have signed up and for those who have had to use the service; we have not received any complaints.

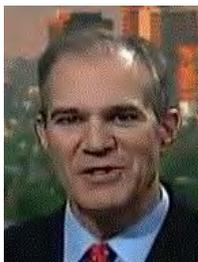
“The City places all program revenue in our *Care and Conserve Fund*. This fund is used to educate our citizens about water conservation, assist Senior and Low-income residents with their water bills and help them with minor repairs. I am sure your City will be happy with your partnership with the NLC Service Line Protection Program.”

“The City of Hutchinson enrolled in the USP/NLC Warranty Program about two years ago. One of the significant selling points for the City Council and staff was the National League of Cities endorsement. NLC did the homework and vetted the program before endorsing it for its member cities. I believe the letter from the City provided a trust factor that is not present through direct solicitation to residents from other warranty companies who send letters that give the ‘appearance’ of coming from the city.”

“The NLC program endorsed by the City provides certain comfort level residents are looking for in the decision of whether to enroll.” “So far the USP/NLC Program has delivered what they said they would to the City of Hutchinson. I would be happy to visit with anyone about the program and our experience here in Hutchinson.”



**John Deardoff**  
City Manager  
Hutchinson, KS



**Jon Brodsky**  
Public Information Officer  
Phoenix, AZ

"The Service Line Warranty Program helps both Phoenix residents and the city government. Revenue from the program goes to core city services like police, fire, parks, libraries and senior centers.

The warranties give residents an innovative and affordable option for repairs to their sewer and water lines."

“The response to the program by the Rock Falls residents has been tremendous. Many of our homeowners contacted their insurance agent when they received the program offer in the mail and were shocked to find out that they were not covered by their homeowner’s policy for repair replacement of their water and sewer lines.”



**Robbin Blackert**  
City Administrator  
Rock Falls, IL

“Our program is in its second year and the participation is still growing. We are very pleased that we can offer the Service Line Warranty Program to our residents of the City of Rock Falls. “



**Bryan Long**  
City Manager  
Lawton, OK

“The program payouts have been huge for our homeowners; over \$230,000 in water and sewer line repairs alone in 24 months. It really illustrates the fact that the program is responsive.”

“Please feel free to send potential participating cities to me for an outstanding reference! “

“SLW of America has done exactly what they claim and we have heard nothing but praise from our citizens for the program. The benefit for our City Sewer Department is fewer call-outs; because the homeowner’s failing service lines are finally getting fixed. Local plumbers embraced the program and I have heard nothing but positive comments from them.”



**Kurt Bookout**  
Public Utilities Director  
El Dorado, KS

“We feel it is important to take every opportunity to endorse the SLW program, because the many copy-cat competitors mailing out enrollment forms cause confusion for our customers. I’ve researched each of the copy-cat offers mailed to El Dorado residents and all fall short of the SLW program ”

“I whole-heartedly endorse the NLC-USP program and feel it will continue to be a valuable approach to proactively addressing the problem of decaying water and sewer infrastructure.”

# PUBLIC-PRIVATE PARTNERSHIPS



A WAY FORWARD



# PUBLIC-PRIVATE PARTNERSHIPS: WEIGHING TH

Local government entering into an agreement with a private sector company has been the subject of much debate. But public entities and private companies have been successfully collaborating for years via advisory boards, stakeholder groups and governance bodies to leverage the collective experience, knowledge and expertise of a broader group.

From infrastructure renewal programs in Louisville, KY, to parks programs in Nashville, TN, for many cities, public private partnerships, or P3s (PPP), are an alternative worth exploring.

## WHY THE PUBLIC-PRIVATE MODEL WORKS FOR MUNICIPALITIES AND UTILITY SERVICE PARTNERS

The National League of Cities (NLC) Service Line Warranty Program provides both an educational program and an innovative solution for homeowners whose aging water and sewer lines are not included in our national or local initiatives to repair and replace the public service lines that serve our communities. For a small fee, the

NLC Service Line Warranty provides homeowners with generous coverage for the cost of repairs to failed water or sewer lines.

The NLC Service Line Warranty Program is a uniquely co-branded program between the Program's administrator, Utility Service Partners, and your municipality. As a Program that is designed to provide homeowners with repair/replacement coverage for water and sewer lines to their homes, the warranty products provided by the Program must be marketed directly to the homeowner.

The power of the municipal co-branding is that it serves to build confidence in the quality of the program, promoting a higher adoption rate. More homeowner participation means lower costs to the homeowner. In addition, many of our municipal program participants enjoy good reports from their residents, who are happy to have coverage for unexpected – and often expensive – water and sewer line repairs that are not generally covered by homeowner's insurance or repaired by the municipality that owns the main service lines. Consistent with NLC's public policy initiatives to address the national problem of aging water

## EFFICIENTGOV

**Nashville Launches Corporate Sponsorship Parks Initiative**

## PPP in the News



THE PENNSY  
**State Farm Im  
Patrol Progra**

# THE PPP PROS AND CONS

and sewer infrastructure along with the associated water quality issues, this Program does not market or endorse the marketing of any other unrelated products.

Why is this important? Our approach alleviates concerns over privacy issues often raised by residents when their municipality participates in a co-branded marketing partnership. However, municipalities participating in the NLC Service Line Warranty Program can rest assured, as the Program only markets the water and sewer service line warranties to your residents, and does not to use this Program or the municipal relationship or brand to sell additional, unrelated products that would be inconsistent with the public policy aspect of this Program.

## THE BOTTOM LINE

The NLC Service Line Warranty Program is a public-private partnership that truly brings together the best of both sectors. Participation in the program requires no financial investment from the municipality.

**LEARN MORE** by visiting [www.utilitysp.net/PPP](http://www.utilitysp.net/PPP) or call 1-866-974-4801.

## NOT JUST ANOTHER WARRANTY COMPANY

**USP is committed to providing valuable service line protection at a fair market price, helping our municipal partners educate residents about their service line responsibilities and ensuring every interaction with customers and city stakeholders exceeds expectations. Service Line Warranties of America – USP's consumer brand, is the honored recipient of the 2013 Western PA Better Business Bureau Torch Award for Marketplace Ethics.**

*“Cities across America are finding that effective public-private partnerships can deliver quality services to their communities while easing the burden on citizens.”*

*Jim Hunt, past president of the National League of Cities*

PENNSYLVANIA HIGHWAY

Complements Safety  
Program in Pennsylvania

BUSINESS FIRST

KFC Offers to Fill Louisville Potholes

## LEARN MORE

VISIT [WWW.UTILITYSP.NET/PPP](http://WWW.UTILITYSP.NET/PPP)  
OR CALL 1-866-974-4801



# PRESS RELEASE

## Service Line Warranties of America named the 2013 Winner of the Western Pennsylvania Torch Award for Marketplace Ethics



**Canonsburg, Pennsylvania (January 15, 2014)** – Service Line Warranties of America (SLWA), a Utility Service Partners company, is proud to be selected as the 2013 Winner of the Western Pennsylvania Torch Award for Marketplace Ethics by the Western Pennsylvania Better Business Bureau (BBB).

“Service Line Warranties of America is extremely proud to be selected as a Better Business Bureau Torch Award winner for 2013,” said Philip E. Riley, Jr., president and CEO of SLWA. “Our commitment to marketplace ethics has been a constant standard within our organization. This award underscores our vision of ‘Bringing peace of mind, one community at a time.’ We very much appreciate the Western Pennsylvania Better Business Bureau recognition of our high standards that we will continue to adhere to each and every day.”

SLWA is the consumer-facing organization that provides utility service line warranties to consumers nationwide and is part of the Utility Service Partners, Inc. (USP) family of companies. Headquartered in Canonsburg, Pennsylvania, the company has saved more than 60,000 homeowners more than \$45 million in utility service line repairs. In addition, through its partnership with the National League of Cities (NLC), the NLC Service Line Warranty Program offers water and sewer line protection to more than 3.5 million residents through nearly 200 municipal partners.

“Considering the large customer base that Service Line Warranties of America has worked with over these past 10 years and their exemplary record at the Bureau, I’m proud to have you as an accredited business of the BBB,” said Mr. Warren King, President of the Western Pennsylvania Better Business Bureau. “There were several key things that stood out in your business philosophy – full disclosure and communication with customers, partners, vendors and staff, which are part of the company’s daily ethical standards and values; honoring promises by providing service in the fairest and most honest way possible; and acting with integrity, which involves mutual respect.

“Service Line Warranties of America assimilates integrity, ethics, trust, and honesty as central values for its organization,” said Dr. James Weber, Torch Award Judge and current Professor of Business Ethics and Management at Duquesne University. “This firm’s ethical employee training includes six pillars of character and emphasizes a positive approach toward ‘the benefits of being ethical.’ The firm also created a Community and Employee Engagement Committee to better enable the firm to act responsibly toward the community.”

Together with the National League of Cities, USP and SLWA provide a valuable resource for communities across the nation from a trustworthy organization. “This award underscores one of the primary reasons the National League of Cities selected USP as a partner and extended our agreement for another five years,” said Clarence Anthony, Executive Director of the National League of Cities. “The organization’s exemplary record of customer service and transparency is what has driven the success of the organization over the years.”

## **About Utility Service Partners, Inc.**

Founded in 2003, USP strives to be the leading provider of solutions to North American municipal and utility clients by delivering quality programs that bring value to both the client and their residents. Operating under the consumer brand, Service Line Warranties of America, USP and SLWA are committed to addressing the aging infrastructure across the nation with a focus on public-private partnerships.

## **About Better Business Bureau**

The Better Business Bureau is an unbiased organization that sets and upholds high standards for fair and honest business behavior. Businesses that earn BBB accreditation contractually agree and adhere to the organization's high standards of ethical business behavior. BBB provides objective advice, free BBB Business Reviews and BBB Wise Giving Reports™, and educational information on topics affecting marketplace trust. To further promote trust, BBB also offers complaint and dispute resolution support for consumers and businesses when there is difference in viewpoints. Today, 113 BBBs serve communities across the U.S. and Canada, evaluating and monitoring more than 4.5 million local and national businesses and charities.

###

## **Media Contact**

Hayley Martin  
724-749-1042  
hmartin@utilitysp.net



# Council Agenda Background

**PRESENTER:** David Miller, Deputy City Manager

**DATE:** 03/25/14

**Council Mission Area:** Be responsive to the needs of the community.

**ITEM:**

Consider an ordinance amending Chapter 22. "Building and Building Regulations", Article XIII. "Fences", Section 22-554. "Definitions", Section 22-555. "Construction Permit Required", Section 22-557. "Height and Construction Requirements" and Section 22-558. "Maintenance", of the City of Bedford Code of Ordinances; providing a savings clause; providing a severability clause; and providing an effective date.

**City Attorney Review:** Yes

**City Manager Review:** \_\_\_\_\_

**DISCUSSION:**

Council directed staff to make changes to the Fence Ordinance to address the following:

- Improving the requirements for the maintenance and replacement of masonry screening
- Having the smooth side of wood fencing facing all public properties including thoroughfares
- Ensuring fences are permitted when 25 percent of repair or replacement occurs instead of the current 50 percent

An additional item for amendment to the Fence Ordinance has been added by staff after Code Compliance found a fence that had been installed without a permit and had missing sections. The fence had four feet of separation between each eight foot fence panel. This fence was revised to be compliant with the smooth side out and constructed to be continuous under the permit and inspection process. Photos are attached.

The following is a summary of the proposed changes:

**Sec. 22-554. - Definitions.**

**Public Property:** Any property that is not owned by a private individual or a company. Property, premises and facilities that are owned by the government or one of its agencies, divisions, or entities.

**Thoroughfare:** A public or private right-of-way however designated, which provides vehicular access to adjacent land within the corporate limits of the City.

**Utility Easement:** A utility easement is an easement that allows a utility the right to use and access specific area of another's property for laying gas, electric, phone, cable, water, and sewer lines.

**Sec. 22-555. - Construction permit required.**

It shall be unlawful for any person to erect or have erected a new fence, or any part of a fence in excess of 25 percent per elevation side in the city without first obtaining a construction permit.

**Section 22-557. Height and construction requirements**

- (5) Fences adjacent to and facing a thoroughfare, public property or any utility easement in excess of (50) feet shall be constructed with the smooth finished surface facing outward from the property and facing the thoroughfare, public property or utility easement. Any

posts or support beams shall be inside the finished surface or designed to be an integral part of the finished surface.

- (9) Fences shall be constructed in a manner to provide a continuous barrier without missing sections along each elevation side. Gates shall be allowed to be an integral part of the continuous barrier.

**Section 22-558. Maintenance**

- (3) Masonry fences and masonry fence columns facing a thoroughfare that require complete or partial replacement, damaged or in need of repair shall be replaced, repaired or reconstructed with the same or similar masonry materials and same or similar color of masonry materials provided the materials are still available and comply with the requirement for masonry fence construction.
- (4) The owner of a property that has a masonry fence that is not required by ordinance under zoning or development standards may appeal to the City Council to repair or replace an existing masonry fence or masonry fence columns facing a thoroughfare with alternative screening methods or materials that do not comply with the regulations specified in section 22-558 (3).
- (5) Fences shall not have murals, graffiti, advertising or other illegal signage.

**RECOMMENDATION:**

Staff recommends the following motion:

Approval of an ordinance amending Chapter 22. "Building and Building Regulations", Article XIII. "Fences", Section 22-554. "Definitions", Section 22-555. "Construction Permit Required", Section 22-557. "Height and Construction Requirements" and Section 22-558. "Maintenance", of the City of Bedford Code of Ordinances; providing a savings clause; providing a severability clause; and providing an effective date.

**FISCAL IMPACT:**

N/A

**ATTACHMENTS:**

Red-line Ordinance  
Fence Photos

ORDINANCE 14-

AN ORDINANCE AMENDING CHAPTER 22. "BUILDING AND BUILDING REGULATIONS", ARTICLE XIII. "FENCES", SECTION 22-554. "DEFINITIONS", SECTION 22-555. "CONSTRUCTION PERMIT REQUIRED", SECTION 22-557. "HEIGHT AND CONSTRUCTION REQUIREMENTS" AND SECTION 22-558. "MAINTENANCE", OF THE CITY OF BEDFORD CODE OF ORDINANCES; PROVIDING A SAVINGS CLAUSE; PROVIDING A SEVERABILITY CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Bedford is a home rule City acting under its home rule Charter adopted by the electorate pursuant to Article XI, Section 5 of the Texas Constitution and Chapter 9 of the Texas Local Government Code; and,

WHEREAS, the City Council of Bedford, Texas deems it necessary, in order to provide for the health, safety, and general welfare of the residents of the City of Bedford, to establish the provisions of this ordinance regarding the regulation of Fences as authorized by the State of Texas; and,

WHEREAS, the City Council of Bedford, Texas has established regulations for fences, in *Chapter 22, Building and Building Regulations, Article XIII-Fences, of the Code of Ordinances*, as amended; and,

WHEREAS, the City Council of Bedford, Texas has determined that revisions are necessary to this Fence ordinance and has noticed, according to the requirements of public meetings by State Law, the proposed amendments; and,

WHEREAS, the City Council of Bedford, Texas has, after thoughtful deliberation, voted to approve these Fence ordinance amendments.

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

SECTION 1. That *Chapter 22, Building and Building Regulations, Article XIII-Fences, of the Code of Ordinances*, being the fence ordinance of the City of Bedford is hereby amended to read in its entirety as follows:

Sec. 22-554. - Definitions.

**Public Property:** Any property that is not owned by a private individual or a company. Property, premises and facilities that are owned by the government or one of its agencies, divisions, or entities.

**Thoroughfare:** A public or private right-of-way however designated, which provides vehicular access to adjacent land within the corporate limits of the City.

**Utility Easement:** A utility easement is an easement that allows a utility the right to use and access specific area of another's property for laying gas, electric, phone, cable, water, and sewer lines.

Sec. 22-555. - Construction permit required.

~~It shall be unlawful for any person to erect or have erected a new fence, or any part of a fence in excess of 50 percent per elevation side in the city without first obtaining a construction permit.~~

It shall be unlawful for any person to erect or have erected a new fence, or any part of a fence in excess of 25 percent per elevation side in the city without first obtaining a construction permit.

Sec. 22-557. - Height and construction requirements.

~~(5) Fences facing a thoroughfare shall be constructed with the smooth finished surface facing outward from the property facing the thoroughfare. Any posts or support beams shall be inside the finished surface or designed to be an integral part of the finished surface.~~

(5) Fences adjacent to and facing a thoroughfare, public property or any utility easement in excess of (50) feet shall be constructed with the smooth finished surface facing outward from the property and facing the thoroughfare, public property or utility easement. Any posts or support beams shall be inside the finished surface or designed to be an integral part of the finished surface.

(9) Fences shall be constructed in a manner to provide a continuous barrier without missing sections along each elevation side. Gates shall be allowed to be an integral part of the continuous barrier.

Sec. 22-558. - Maintenance.

~~(3) Damaged, removed or missing portions of a masonry Fence shall be replaced or repaired with like materials to restore structural integrity and maintain a solid masonry barrier.~~

(3) Masonry fences and masonry fence columns facing a thoroughfare that require complete or partial replacement, damaged or in need of repair shall be replaced, repaired or reconstructed with the same or similar masonry materials and same or similar color of masonry materials provided the materials are still available and comply with the requirement for masonry fence construction.

~~(4) Fences shall not have murals, graffiti, advertising or other illegal signage.~~

(4) The owner of a property that has a masonry fence that is not required by ordinance under zoning or development standards may appeal to the City Council to repair or replace an existing masonry fence or masonry fence columns facing a thoroughfare with alternative screening methods or materials that do not comply with the regulations specified in section 22-558 (3).

(5) Fences shall not have murals, graffiti, advertising or other illegal signage.

SECTION 2. That this Ordinance shall be cumulative of all other Ordinances and shall not repeal any of the provisions of such Ordinances except for those instances where there are direct conflicts with the provisions of this Ordinance. Ordinances or parts thereof in force at the time this Ordinance shall take effect and that are inconsistent with this Ordinance are hereby repealed to the extent that they are inconsistent with this Ordinance.

SECTION 3. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any person or circumstance, is held invalid or unconstitutional by a Court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of the Ordinance, and the City Council hereby declares it would have passed such remaining portion of the Ordinance despite such invalidity, which remaining portions shall remain in full force and effect.

**SECTION 4.** This Ordinance shall take effect on the 14th day of April 2014 in accordance with law, and it is so ordained.

**PRESENTED AND PASSED** on this 25th day of March 2014, by a vote of \_\_\_ ayes, \_\_\_ nays and \_\_\_ abstentions at a regular meeting of the City Council of the City of Bedford, Texas.

\_\_\_\_\_  
**Jim Griffin, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Michael Wells, City Secretary**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**Stan Lowry, City Attorney**





# Council Agenda Background

**PRESENTER:** Clifford Blackwell, CGFO, Director of Administrative Services

**DATE:** 03/25/14

**Council Mission Area:** Be responsive to the needs of the community.

**ITEM:**

Consider approval of an ordinance and all matters incident and related to the issuance and sale of \$3,200,000 “City of Bedford, Texas General Obligation Bonds, Series 2014,” dated March 25, 2014.

**City Attorney Review:** N/A

**City Manager Review:** \_\_\_\_\_

**DISCUSSION:**

In November 2013, the City of Bedford, Texas held a successful bond election to finance Phase I of the Boys Ranch Master Plan.

This ordinance authorizes the issuance of \$3,200,000 in general obligation (G.O.) bonds for the purpose of funding the following Boys Ranch Park improvements: lake improvements, trail improvements, channel improvements, recreation facilities and related improvements.

Standard and Poor’s, the City’s bond rating agency, declared these G.O. bonds ‘AA’ with a stable outlook based on the most recent rating analysis. This rating reaffirms the City’s status based on strong wealth and income levels, very strong budgetary flexibility with an adjusted available fund balance of 20.8%, adequate budgetary performance, very strong liquidity providing strong cash levels to cover debt service and expenditures, and strong management conditions with good financial management policies and practices.

These G.O. bonds will be amortized over a 20-year term. Additionally, this bond issuance is being sold simultaneously along with the Series 2014 Public Property Finance Contractual Obligations to achieve savings in cost of issuance. The cost of issuing both obligations should not exceed \$80,000, whereas, selling separately would cost more than \$95,000.

Due to the fact these obligations are competitively bid, the payment schedules, along with sections of the ordinance cannot be finalized until the bids are officially opened and accepted; which is on March 25, 2014.

**RECOMMENDATION:**

Staff recommends the following motion:

Approval of an ordinance and all matters incident and related to the issuance and sale of \$3,200,000 “City of Bedford, Texas General Obligation Bonds, Series 2014,” dated March 25, 2014.

**FISCAL IMPACT:**

Amount of issue: \$3,200,000  
To be paid from revenue by Debt Fund: 100%

Tax Rate Impact: \$0.0033 per \$100 AV

**ATTACHMENTS:**

Ordinance  
Copy of Preliminary Official Statement (POS)

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE authorizing the issuance of "CITY OF BEDFORD, TEXAS, GENERAL OBLIGATION BONDS, SERIES 2014," specifying the terms and features of said bonds; levying a continuing direct annual ad valorem tax for the payment of said bonds; and resolving other matters incident and related to the issuance, sale, payment and delivery of said bonds, including the approval and execution of a Paying Agent/Registrar Agreement and the approval and distribution of an Official Statement; and providing an effective date.

WHEREAS, the City Council of the City of Bedford, Texas (the "City") finds and determines that general obligation bonds in the principal amount of \$3,200,000, approved and authorized to be issued at an election held on November 5, 2013, should be issued and sold at this time pursuant to Texas Government Code, Chapter 1331, as amended; a summary of the general obligation bonds authorized at said election, and at the December 8, 1990 election, for which there remains voted authorization, the principal amounts authorized, amounts heretofore issued and being issued pursuant to this ordinance and amounts remaining to be issued subsequent hereto being as follows:

<u>Election Date</u>	<u>Purpose</u>	<u>Amount Authorized (\$)</u>	<u>Amount Previously Issued (\$)</u>	<u>Amount Being Issued (\$)</u>	<u>Unissued Balance (\$)</u>
9-12-95	Police Facility Improvements	6,625,000	6,295,000	0	330,000
9-12-95	Streets/Drainage	13,200,000	12,675,000	0	525,000
11-06-01	Parks	2,235,000	2,235,000	0	0
11-06-01	Drainage Improvements	5,895,000	1,800,000	0	4,095,000
11-06-01	City Building Improvements	1,075,000	885,000	0	190,000
11-06-01	Animal Control	240,000	0	0	240,000
11-06-01	Public Safety Improvements	4,060,000	2,885,000	0	1,175,000
11-06-01	Street Improvements (Major Thoroughfares)	5,430,000	3,265,000	0	2,165,000
11-06-01	Residential Street Improvements	3,730,000	1,725,000	0	2,005,000
11-05-13	Park Improvements (Boys Ranch Lake)	3,200,000	0	3,200,000	0

[\*Original issue premium in the amount of \$\_\_\_\_\_ which the City has allocated to and applied against the 2013 voted authorization referenced in the above table results in a total amount of \$\_\_\_\_\_ allocated to and applied against the 2013 voted authorization.]

AND WHEREAS, the City Council hereby reserves and retains the right to issue the balance of unissued bonds approved at said elections in one or more installments when, in the judgment of the City Council, funds are needed to accomplish the purposes for which such bonds were voted; now, therefore,

**BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BEDFORD, TEXAS:**

**SECTION 1. Authorization - Designation - Principal Amount - Purpose.** General obligation bonds of the City shall be and are hereby authorized to be issued in the aggregate

principal amount of \$3,200,000 to be designated and bear the title "CITY OF BEDFORD, TEXAS, GENERAL OBLIGATION BONDS, SERIES 2014" (the "Bonds"), for the purpose of (i) providing funds for permanent public improvements and public purposes, to wit: park improvements (Boys Ranch Lake improvements, trail improvements, channel improvements, recreation facilities, and related improvements at Boys Ranch Park) and (ii) to pay the costs of issuance, all in accordance with the authority conferred by and in conformity with the Constitution, the laws of the State of Texas, including Texas Government Code, Chapter 1331, as amended.

**SECTION 2. Fully Registered Obligations - Bond Date - Authorized Denominations - Stated Maturities - Interest Rates.** The Bonds shall be issued as fully registered obligations only, shall be dated March 15, 2014 (the "Bond Date"), shall be in denominations of \$5,000 or any integral multiple (within a Stated Maturity) thereof, shall become due and payable on February 1 in each of the years and in principal amounts (the "Stated Maturities"), and shall bear interest at the rate(s) per annum in accordance with the following schedule:

<u>Year of Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
2015		
2016		
2017		
2018		
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		

Bonds shall bear interest on the unpaid principal amounts from the date of initial delivery at the rate(s) per annum shown above in this Section (calculated on the basis of a 360-day year consisting of twelve 30-day months). Interest on the Bonds shall be payable on February 1 and August 1 in each year until maturity or prior redemption, commencing August 1, 2014.

**SECTION 3. Terms of Payment - Paying Agent/Registrar.** The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption or otherwise, shall be payable only to the registered owners or holders of the Bonds (the "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of

America which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas, or its assigns (the "Paying Agent/Registrar"), to serve as Paying Agent/Registrar for the Bonds is hereby approved and confirmed. Books and records relating to the registration, payment, exchange, and transfer of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying/Agent Registrar Agreement," substantially in the form attached hereto as **Exhibit A**, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Secretary are authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged; and, any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice of the change to be sent to each Holder by United States Mail, first class postage prepaid; and, such notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Bonds, shall be payable at the Stated Maturities or on a date of earlier redemption thereof only upon presentation and surrender of the Bonds to the Paying Agent/Registrar at its designated offices, initially in East Syracuse, New York, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). The Paying Agent/Registrar shall pay interest on the Bonds only to the Holder whose name appears in the Security Register at the close of business on the Record Date (the fifteenth day of the month next preceding each interest payment date) and shall pay either by: (1) check sent by United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (2) by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder at the Holder's risk and expense. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to be closed; then, the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to be closed and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

**SECTION 4. Redemption.**

**(a) Optional Redemption.** The Bonds having Stated Maturities on and after February 1, 2025 shall be subject to redemption prior to maturity, at the option of the City on February 1, 2024, or any date thereafter, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar) at the redemption price of par, together with interest accrued to the redemption date.

**(b) Exercise of Redemption Option.** Not less than forty-five (45) days prior to an optional redemption date for the Bonds (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the City shall notify the Paying Agent/Registrar of: (1) the decision to redeem Bonds, (2) the principal amount of each Stated Maturity to be redeemed, and (3) the date of redemption.

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

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

All notices of redemption shall: (1) specify the date of redemption for the Bonds, (2) identify the Bonds to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (3) state the redemption price, (4) state that the Bonds, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified, and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, and (5) specify that payment of the redemption price for the Bonds, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. If a Bond is subject by its terms to prior redemption, and has been called for redemption, and notice of redemption thereof has been duly given as hereinabove provided, such Bond (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the specified redemption date; provided moneys sufficient for the payment of such Bond (or of the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar.

**(e) Conditional Notice of Redemption.** With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption may, at the option of the City, be conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites

set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

**SECTION 5. Registration - Transfer - Exchange of Bonds - Predecessor Bonds.**

A Security Register relating to the registration, payment, and transfer or exchange of the Bonds shall at all times be kept and maintained by the City at the Designated Payment/Transfer Office of the Paying Agent/Registrar and at a place within the State of Texas, as provided herein and in accordance with the provisions of an agreement with the Paying Agent/Registrar and such rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each registered owner of the Bonds issued under and pursuant to the provisions of this Ordinance. Any Bond may, in accordance with its terms and the terms hereof, be transferred or exchanged for Bonds of like kind, of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Bond (other than the Initial Bond authorized in Section 8 hereof) at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds, executed on behalf of, and furnished by, the City of authorized denominations and of like Stated Maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

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

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

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

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions of this Section are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and

delivered in the exchange or transfer. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered, and delivered in lieu thereof pursuant to the provisions of Section 11 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

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

**SECTION 6. Book-Entry-Only Transfers and Transactions.** Notwithstanding the provisions contained in Sections 3, 4 and 5 hereof relating to the payment, and transfer/exchange of the Bonds, the City hereby approves and authorizes the use of "Book-Entry-Only" securities clearance, settlement and transfer system provided by The Depository Trust Company ("DTC"), a limited purpose trust company organized under the laws of the State of New York, in accordance with the operational arrangements referenced in the Blanket Issuer Letter of Representation, by and between the City and DTC (the "Depository Agreement").

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

In the event DTC determines to discontinue serving as securities depository for the Bonds or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Bonds, the City covenants and agrees with the Holders of the Bonds to cause Bonds to be printed in definitive form and provide for the Bond certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Bonds in definitive form shall be assigned, transferred and exchanged on the Security Register maintained by the Paying Agent/Registrar and payment of such Bonds shall be made in accordance with the provisions of Sections 3, 4 and 5 hereof.

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

No Bond shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Bond either a certificate of registration substantially in the form provided in Section 9C, manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration

substantially in the form provided in Section 9D, manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate upon any Bond duly signed shall be conclusive evidence, and the only evidence, that such Bond has been duly certified, registered and delivered.

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

**SECTION 9. Forms.**

**A. Forms Generally.** The Bonds, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Bonds, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Bonds, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Bonds as evidenced by their execution. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Bond.

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

The City may provide (i) for the issuance of one fully registered Bond for each Stated Maturity in the aggregate principal amount of each Stated Maturity and (ii) for the registration of such Bonds in the name of a securities depository, or the nominee thereof. While any Bond is registered in the name of a securities depository or its nominee, references herein and in the Bonds to the Holder or registered owner of such Bonds shall mean the securities depository or its nominee and shall not mean any other person.

**B. Form of Definitive Bonds.**

REGISTERED  
NO. R-\_\_\_\_\_

REGISTERED  
\$ \_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF BEDFORD, TEXAS  
GENERAL OBLIGATION BOND  
SERIES 2014

Bond Date:                      Interest Rate:                      Stated Maturity:                      CUSIP No.:

March 15, 2014                      \_\_\_\_\_%                      \_\_\_\_\_                      \_\_\_\_\_

Registered Owner:

Principal Amount:

The City of Bedford (the "City"), a body corporate and municipal corporation in the County of Tarrant, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the registered owner named above, or the registered assigns thereof, on the Stated Maturity date specified above the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Bond appearing below (unless this Bond bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Bond is prior to the initial interest payment date in which case it shall bear interest from the date of initial delivery) at the per annum rate of interest specified above computed on the basis of a 360-day year consisting of twelve 30-day months; such interest being payable on February 1 and August 1 in each year, commencing August 1, 2014, until maturity or prior redemption. Principal of this Bond shall be payable at its Stated Maturity or on a redemption date to the Registered Owner hereof upon presentation and surrender at the designated offices of the Paying Agent/Registrar executing the registration certificate appearing hereon, initially in East Syracuse, New York, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest is payable to the registered owner of this Bond (or one or more Predecessor Bonds, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the fifteenth day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to be closed, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to be closed; and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of

America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the series specified in its title issued in the aggregate principal amount of \$3,200,000 to be designated and bear the title "City of Bedford, Texas, General Obligation Bonds, Series 2014" (the "Bonds"), for the purpose of providing funds for (i) permanent public improvements and public purposes, to wit: park improvements (Boys Ranch lake improvements, trail improvements, channel improvements, recreation facilities, and related improvements at Boys Ranch Park, and (ii) to pay the costs of issuance, all in accordance with the authority conferred by and in conformity with the Constitution, the laws of the State of Texas, including Texas Government Code, Chapter 1331, as amended, and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

The Bonds maturing on and after February 1, 2025, may be redeemed prior to their Stated Maturities, at the option of the City, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof (and if within a Stated Maturity by lot by the Paying Agent/Registrar), on February 1, 2024, or on any date thereafter, at the redemption price of par, together with accrued interest to the date of redemption.

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

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

With respect to any optional redemption of the Bonds, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption may, at the option of the City, be conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and effect, the City

shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

The Bonds are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City. Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the registered owner of this Bond by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Bonds; the terms and conditions relating to the transfer or exchange of this Bond; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the registered owners; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Bond may be discharged at or prior to its maturity or redemption, and deemed to be no longer Outstanding; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

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

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

It is hereby certified, recited, represented and declared that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Bonds is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Bonds to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Bonds do not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Bonds by the levy of a tax as

stated above. In case any provision in this Bond shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and provisions of this Bond and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

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

CITY OF BEDFORD, TEXAS

\_\_\_\_\_  
Mayor

COUNTERSIGNED:

\_\_\_\_\_  
City Secretary

(City Seal)

**C. Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond only.**

**REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS**

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

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

WITNESS my signature and seal of office this \_\_\_\_\_.

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

(SEAL)

**D. Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.**

**REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR**

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

The designated offices of the Paying Agent/Registrar in East Syracuse, New York is the Designated Payment/Transfer Office for this Bond.

THE BANK OF NEW YORK MELLON TRUST  
COMPANY, N.A., Dallas, Texas  
as Paying Agent/Registrar

Registered this date:

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signature

**E. Form of Assignment.**

**ASSIGNMENT**

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

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

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

DATED: \_\_\_\_\_

Signature guaranteed:  
\_\_\_\_\_

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

**F. Form of Initial Bond.**

The Initial Bond shall be in the form set forth in subsection B of this Section except that the heading and paragraph one shall be amended to read as follows:

NO. T-1

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

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF BEDFORD, TEXAS  
GENERAL OBLIGATION BOND  
SERIES 2014

Bond Date: March 15, 2014

Registered Owner:

Principal Amount:

The City of Bedford, Texas (the "City"), a body corporate and municipal corporation in the County of Tarrant, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the registered owner, or the registered assigns thereof, the Principal Amount hereinabove stated on February 1 in each of the years and in principal installments in accordance with the following schedule:

<u>YEAR OF MATURITY</u>	<u>PRINCIPAL INSTALLMENTS</u>	<u>INTEREST RATE</u>
-----------------------------	-----------------------------------	--------------------------

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

(or so much principal thereof as shall not have been redeemed prior to maturity) and to pay interest on the unpaid Principal Amount hereof from the date of initial delivery at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on February 1 and August 1 of each year, commencing August 1, 2014, until maturity or prior redemption. Principal installments of this Bond are payable on the Stated Maturity dates or on a redemption date to the registered owner hereof by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), upon its presentation and surrender at its designated offices, initially in East Syracuse, New York, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). Interest shall be payable to the registered owner of this Bond whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the fifteenth day of the month next preceding the interest payment date hereof and interest shall be paid by the Paying Agent/Registrar by check sent by United States mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by and at the risk and expense of the registered owner. If the date for the payment of the principal of or interest on the Bonds shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due. All payments of principal of, premium, if any, and interest on this Bond shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

**SECTION 10. Levy of Taxes.** To provide for the payment of the "Debt Service Requirements" of the Bonds, being (i) the interest on the Bonds and (ii) a sinking fund for their payment at maturity or a sinking fund of 2% (whichever amount is the greater), there is hereby levied, and there shall be annually assessed and collected in due time, form, and manner, a tax on all taxable property in the City, within the limitations prescribed by law, and such tax hereby

levied on each one hundred dollars' valuation of taxable property in the City for the Debt Service Requirements of the Bonds shall be at a rate from year to year as will be ample and sufficient to provide funds each year to pay the principal of and interest on said Bonds while Outstanding; full allowance being made for delinquencies and costs of collection; separate books and records relating to the receipt and disbursement of taxes levied, assessed and collected for and on account of the Bonds shall be kept and maintained by the City at all times while the Bonds are Outstanding, and the taxes collected for the payment of the Debt Service Requirements on the Bonds shall be deposited to the credit of a "Special 2014 Bond Account" (the "Interest and Sinking Fund") maintained on the records of the City and deposited in a special fund maintained at an official depository of the City's funds; and such tax hereby levied, and to be assessed and collected annually, is hereby pledged to the payment of the Bonds.

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

The City has sufficient current funds available to pay the payment to become due on the Bonds on August 1, 2014, and there will be deposited in the Interest and Sinking Fund (created for the payment of the Bonds) such amount of current funds which will be sufficient to pay the amounts to become due on the Bonds on August 1, 2014.

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

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

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

**SECTION 12. Satisfaction of Obligation of City.** If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the

pledge of taxes levied under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

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

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

The term "Government Securities," as used herein, means (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Bonds under the then applicable laws of the State of Texas.

**SECTION 13. Ordinance a Contract - Amendments - Outstanding Bonds.** This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section and in Section 22 hereof. The City may, without the consent

of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission in this Ordinance. Additionally, with the consent of Holders holding a majority in aggregate principal amount of the Bonds then Outstanding, the City may amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all the Holders of Outstanding Bonds no amendment, addition, or rescission shall: (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

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

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

(2) those Bonds deemed to be duly paid by the City in accordance with the provisions of Section 12 hereof; and

(3) those mutilated, destroyed, lost, or stolen Bonds which have been replaced with Bonds registered and delivered in lieu thereof as provided in Section 11 hereof.

#### **SECTION 14. Covenants to Maintain Tax-Exempt Status.**

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

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

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

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

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

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

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

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

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

“*Yield*” of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Bonds has the meaning set forth in Section 1.148-4 of the Regulations.

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

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

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

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

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

arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

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

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

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

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

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

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

(3) As additional consideration for the purchase of the Bonds by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Interest and Sinking Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Bonds equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety

percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place, and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

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

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

**(j) Elections.** The City hereby directs and authorizes the Mayor, City Manager and Director of Administrative Services, either or any combination of them, to make elections permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Bonds, in the Certificate as to Tax Exemption or similar or other appropriate certificate, form or document.

**(k) Qualified Tax-Exempt Obligations.** In accordance with the provisions of paragraph (3) of subsection (b) of Section 265 of the Code, the City hereby designates the Bonds to be "qualified tax-exempt obligations" in that the Bonds are not "private activity bonds" as defined in the Code and represents the amount of "tax-exempt obligations" (excluding private activity bonds) to be issued by the City (including all subordinate entities of the City) for the calendar year 2014 will not exceed \$10,000,000.

**SECTION 15. Sale of Bonds – Official Statement Approval.** Pursuant to a public sale for the Bonds, the bid submitted by \_\_\_\_\_ (herein referred to collectively as the "Purchasers") is declared to be the best bid received producing the lowest true interest cost rate to the City, and the sale of the Bonds to said Purchasers at the price of par plus a cash premium of \$\_\_\_\_\_ is hereby determined to be in the best interests of the City and is approved and confirmed. Delivery of the Bonds to the Purchasers shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale. The Initial Bond shall be registered in the name as provided in the winning bid.

Furthermore, the use of the Preliminary Official Statement in connection with the public offering and sale of the Bonds is hereby ratified, confirmed and approved in all respects. The final Official Statement reflecting the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Secretary, City Manager, and Director of Administrative Services any one or more of said officials), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute said final Official Statement, dated

March 25, 2014, in the offering, sale and delivery of the Bonds to the public. The Mayor and City Secretary are further authorized and directed to manually execute and deliver for and on behalf of the City copies of said Official Statement in final form as may be required by the Purchasers, and such Official Statement in the final form and content manually executed by said officials shall be deemed to be approved by the Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

**SECTION 16. Control and Custody of Bonds.** The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and shall take and have charge and control of the Initial Bond pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchasers.

**SECTION 17. Proceeds of Sale.** Immediately following the delivery of the Bonds, the proceeds of sale of the Bonds, less amounts to pay costs of issuance, shall be deposited with into a construction fund to finance the permanent public improvements referenced in Section 1 hereof. Any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Interest and Sinking Fund. All surplus proceeds of sale of the Bonds, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Interest and Sinking Fund.

**SECTION 18. Notices to Holders - Waiver.** Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

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

**SECTION 19. Cancellation.** All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it; and, if surrendered to the City, such Bonds shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Bonds held by the Paying Agent/Registrar shall be returned to the City.

**SECTION 20. Legal Opinion.** The Purchasers' obligation to accept delivery of the Bonds is subject to being furnished a final opinion of Fulbright & Jaworski LLP, Attorneys, Dallas, Texas, approving the Bonds as to their validity, with said opinion to be dated and delivered as of the date of delivery and payment for the Bonds. A true and correct reproduction

of said opinion is hereby authorized to be printed on the definitive Bonds or an executed counterpart thereof shall accompany the global Bonds deposited with DTC.

**SECTION 21. CUSIP Numbers.** CUSIP numbers may be printed or typed on the definitive Bonds. However, it is expressly provided that the presence or absence of CUSIP numbers on the definitive Bonds shall be of no significance and shall have no effect the legality of such bonds. Furthermore, neither the City nor attorneys approving the Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Bonds.

**SECTION 22. Continuing Disclosure Undertaking.**

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

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

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

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

**(b) Annual Reports.**

The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, beginning in or after 2014, financial information and operating data with respect to the City of the general type included in Official Statement and described in **Exhibit B** hereto, and (2) if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so provided shall be prepared in accordance with the accounting principles described in **Exhibit B** hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided.

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

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

**(c) Notice of Certain Events.**

The City shall provide notice of any of the following events with respect to the Bonds to the MSRB, in a timely manner and not more than ten (10) business days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions or events affecting the tax-exempt status of the Bonds;
7. Modifications to rights of holders of the Bonds;
8. Bond calls;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Bonds; and
11. Rating changes.
12. Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor or additional trustee or the change of name of a trustee, if material.

For these purposes, any event described in the immediately preceding subsection (c)12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

**(d) Filings with the MSRB.**

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

**(e) Limitations, Disclaimers, and Amendments.**

The City shall be obligated to observe and perform the covenants specified in this Section 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 subsection (c) of 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 Holders and beneficial owners of the Bonds; and, nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and

notices which it has expressly agreed to provide pursuant to this Section. Except as expressly provided within this Section, the City does not undertake to provide any other information, whether or not it may be relevant or material to a complete presentation of the City's financial results, condition, or prospects; nor does the City undertake to update any information provided in accordance with this Section or otherwise. Furthermore, the City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

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

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

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

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Bonds consent to such amendment or (b) a Person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Bonds. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Bonds from lawfully purchasing or selling Bonds in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) of 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.

**SECTION 23. Further Procedures.** Any one or more of the Mayor, Mayor Pro Tem, City Manager, City Secretary, and Director of Administrative Services are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this

Ordinance and the issuance of the Bonds. In addition, prior to the initial delivery of the Bonds, the Mayor, Mayor Pro Tem, City Manager, City Secretary, and Director of Administrative Services or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect or omission in the Ordinance or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Bonds by the Attorney General and if such officer or counsel determines that such changes are consistent with the intent and purpose of the Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

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

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

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

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

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

**SECTION 29. Severability.** If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid; and, the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

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

**SECTION 31. Public Meeting.** It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

**SECTION 32. Effective Date.** This Ordinance shall take effect and be in force from and after its passage and approval in accordance with the provisions of Texas Government Code, Section 1201.028, as amended.

*[Remainder of page left blank intentionally]*

PASSED AND ADOPTED, this 25th day of March, 2014.

CITY OF BEDFORD, TEXAS

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Mayor

ATTEST:

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City Secretary

(City Seal)

**EXHIBIT A**  
**PAYING AGENT/REGISTRAR AGREEMENT**

## **EXHIBIT B**

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

The following information is referred to in Section 22 of this Ordinance.

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

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

1. The City's annual financial statements.
2. The information contained in Tables 1 through 6 and 8 through 15 and in Appendix B of the Official Statement.

#### **Accounting Principles**

The accounting principles referred to in such Section are generally those described in Appendix B to the Official Statement, as such principles may be changed from time to time to comply with state law or regulation.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**PRELIMINARY OFFICIAL STATEMENT**

**Dated March 13, 2014**

**Ratings:**  
**S&P: "AA"**  
**(See "Other Information - Ratings" herein)**

**NEW ISSUE - Book-Entry-Only**

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Exemption" herein, including the alternative minimum tax on corporations.

**THE BONDS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS**



**\$3,200,000**  
**CITY OF BEDFORD, TEXAS**  
**(Tarrant County)**  
**GENERAL OBLIGATION BONDS, SERIES 2014**

**Dated Date: March 15, 2014**

**Due: February 1, as shown below**

**PAYMENT TERMS** . . . Interest on the \$3,200,000 City of Bedford, Texas, General Obligation Bonds, Series 2014 (the "Bonds") will accrue from March 15, 2014, (the "Dated Date") and will be payable August 1 and February 1 of each year commencing August 1, 2014 until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Bonds will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds will be made to the owners thereof. Principal of, premium, if any, and interest on the Bonds will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds. See "The Bonds and Contractual Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company N.A., Dallas, Texas (see "The Bonds and Contractual Obligations - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE** . . . The Bonds are issued pursuant to the Constitution and general laws of the State of Texas, (the "State") including particularly Texas Government Code, Chapter 1331, as amended, the City's Home Rule Charter, and an election held in the City of Bedford, Texas (the "City"), on November 5, 2013 and passed by a majority of the participating voters, and are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Bonds (the "Bond Ordinance") (see "The Bonds and Contractual Obligations - Authority for Issuance" and "-Security and Source of Payment").

**PURPOSE** . . . Proceeds from the sale of the Bonds will be used for (i) permanent public improvements and public purposes, to wit: park improvements (Boys Ranch Lake improvements, trail improvements, channel improvements, recreation facilities, and related improvements at Boys Ranch Park); and (ii) payment of the costs associated with the issuance of the Bonds.

**MATURITY SCHEDULE**

**CUSIP Prefix <sup>(1)</sup>: 076465**

<u>Principal Amount</u>	<u>Maturity February 1</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix <sup>(1)</sup></u>	<u>Principal Amount</u>	<u>Maturity February 1</u>	<u>Interest Rate</u>	<u>Initial Yield</u>	<u>CUSIP Suffix <sup>(1)</sup></u>
\$ 105,000	2015				\$ 160,000	2025			
110,000	2016				165,000	2026			
115,000	2017				175,000	2027			
120,000	2018				180,000	2028			
125,000	2019				185,000	2029			
130,000	2020				195,000	2030			
135,000	2021				200,000	2031			
140,000	2022				210,000	2032			
145,000	2023				220,000	2033			
155,000	2024				230,000	2034			

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Service Bureau, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. The City, the Financial Advisor and the Initial Purchaser of the Bonds (defined herein) take no responsibility for the accuracy of such numbers. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.

**OPTIONAL REDEMPTION** . . . The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2025, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2024, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds and Contractual Obligations - Optional Redemption").

**SEPARATE ISSUES** . . . The Bonds are being offered by the City concurrently with the "City of Bedford, Texas, Public Property Finance Contractual Obligations, Series 2014" (the "Contractual Obligations"), under a common Official Statement, and such Bonds and Contractual Obligations are hereinafter sometimes referred to collectively as the "Obligations." The Bonds and Contractual Obligations are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while they share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

**LEGALITY** . . . The Bonds are offered for delivery when, as and if issued and received by the initial purchaser(s) (the "Initial Purchaser of the Bonds") and subject to the approving opinion of the Attorney General of Texas and the opinion of Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, Bond Counsel, Dallas, Texas (see Appendix C, "Forms of Bond Counsel's Opinion").

**DELIVERY** . . . It is expected that the Bonds will be available for delivery through The Depository Trust Company on April 29, 2014 ("Delivery Date").

**BIDS DUE TUESDAY, MARCH 25, 2014, AT 11:00 AM, CDT**

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This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.



**PRELIMINARY OFFICIAL STATEMENT**

**Dated March 13, 2014**

**Ratings:  
S&P: "AA"  
(See "Other Information -  
Ratings" herein)**

**NEW ISSUE - Book-Entry-Only**

In the opinion of Bond Counsel, interest on the Contractual Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters - Tax Exemption" herein, including the alternative minimum tax on corporations.

THE CONTRACTUAL OBLIGATIONS WILL BE DESIGNATED AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS



**\$2,300,000**  
**CITY OF BEDFORD, TEXAS**  
(Tarrant County)  
**PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2014**

**Dated Date: March 15, 2014**

**Due: February 1, as shown below**

**PAYMENT TERMS** . . . Interest on the \$2,300,000 City of Bedford, Texas, Public Property Finance Contractual Obligations, Series 2014 (the "Contractual Obligations") will accrue from March 15, 2014 (the "Dated Date"), will be payable August 1 and February 1 of each year commencing August 1, 2014, until maturity, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Contractual Obligations will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Contractual Obligations may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Contractual Obligations will be made to the owners thereof. Principal of, premium, if any, and interest on the Contractual Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Contractual Obligations. See "The Bonds and Contractual Obligations - Book-Entry-Only System" herein. The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (see "The Bonds and Contractual Obligations - Paying Agent/Registrar").

**AUTHORITY FOR ISSUANCE** . . . The Contractual Obligations are issued pursuant to the Constitution and general laws of the State of Texas (the "State"), including particularly Subchapter A of Chapter 271, Texas Local Government Code (the Public Property Finance Act), the City's Home Rule Charter, and constitute direct obligations of the City of Bedford, Texas (the "City"), payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law, as provided in the ordinance authorizing the Contractual Obligations (the "Contractual Obligation Ordinance") (see "The Bonds and Contractual Obligations - Authority for Issuance" and "-Security and Source of Payment").

**PURPOSE** . . . Proceeds from the sale of the Contractual Obligations will be used for the purpose of paying contractual obligations to be incurred for the purpose of paying contractual obligations to be incurred for (i) the purchase of a fire truck, (ii) the purchase of computer software, (iii) a system upgrade to the emergency services communication system; and (iv) professional services rendered in connection therewith.

**MATURITY SCHEDULE**

**CUSIP Prefix <sup>(1)</sup>: 076465**

Principal Amount	Maturity February 1	Interest Rate	Initial Yield	CUSIP Suffix <sup>(1)</sup>	Principal Amount	Maturity February 1	Interest Rate	Initial Yield	CUSIP Suffix <sup>(1)</sup>
\$210,000	2015				\$230,000	2020			
215,000	2016				235,000	2021			
220,000	2017				240,000	2022			
220,000	2018				250,000	2023			
225,000	2019				255,000	2024			

**(Accrued Interest from March 15, 2014 to be added)**

(1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Service Bureau, managed by Standard & Poor's Financial Services LLC on behalf of the American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP services. The City, the Financial Advisor and the Initial Purchaser of the Contractual Obligations (defined herein) take no responsibility for the accuracy of such numbers. This data is not intended to create a database and does not serve in any way as a substitute for the CUSIP Services.

**OPTIONAL REDEMPTION** . . . The Contractual Obligations are not subject to redemption prior to maturity.

**SEPARATE ISSUES** . . . The Contractual Obligations are being offered by the City concurrently with the "City of Bedford, Texas, General Obligation Bonds, Series 2014" (the "Bonds"), under a common Official Statement, and such Bonds and Contractual Obligations are hereinafter sometimes referred to collectively as the "Obligations." The Bonds and Contractual Obligations are separate and distinct securities offerings being issued and sold independently except for the common Official Statement, and, while they share certain common attributes, each issue is separate from the other and should be reviewed and analyzed independently, including the type of obligation being offered, its terms for payment, the security for its payment, the rights of the holders, and other features.

**LEGALITY** . . . The Contractual Obligations are offered for delivery when, as and if issued and received by the initial purchaser(s), (the "Initial Purchaser of the Contractual Obligations") and subject to the approving opinion of the Attorney General of Texas and the opinion of Fulbright & Jaworski LLP, a member of Norton Rose Fulbright, Bond Counsel, Dallas, Texas (see Appendix C, "Forms of Bond Counsel's Opinion").

**DELIVERY** . . . It is expected that the Contractual Obligations will be available for delivery through DTC on April 29, 2014 ("Delivery Date").

**BIDS DUE TUESDAY, MARCH 25, 2014, AT 11:00 AM, CDT**

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*This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell or the solicitation of an offer to buy in any jurisdiction to any person to whom it is unlawful to make such offer, solicitation, or sale.*

*No dealer, broker, salesperson, or other person has been authorized to give information or to make any representation other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon.*

*For purposes of compliance with Rule 15c 2-12 of the Securities and Exchange Commission (the "Rule"), this document constitutes an Official Statement of the City with respect to the that has been "deemed final" by the City as of its date except for the omission of no more than the information permitted by the Rule.*

*The information set forth herein has been obtained from the City and other sources believed to be reliable, but such information is not guaranteed as to accuracy or completeness and is not to be construed as the representation, promise, or guarantee of the Financial Advisor. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "Other Information - Continuing Disclosure of Information" for a description of the City's undertaking to provide certain information on a continuing basis.*

*Neither the City nor its Financial Advisor make any representation as to the accuracy, completeness, or adequacy of the information supplied by The Depository Trust Company for use in this Official Statement.*

**THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES, AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE, AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.**

**THE OBLIGATIONS ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE OBLIGATIONS IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE OBLIGATIONS HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.**

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The cover page hereof, this page, the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

**OFFICIAL STATEMENT SUMMARY**

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Bonds and Contractual Obligations to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

**THE CITY**..... The City of Bedford, Texas (the "City") is a political subdivision and municipal corporation of the State, located in Tarrant County, Texas. The City covers approximately 10.1 square miles (see "Introduction - Description of the City").

**THE BONDS**..... The Bonds are issued as \$3,200,000 General Obligation Bonds, Series 2014. The Bonds are issued as serial bonds maturing February 1, 2015 through February 1, 2034, unless the purchaser designates one or more maturities as one or more Term Bonds (see "The Bonds and Contractual Obligations - Description of the Bonds and Contractual Obligations").

**THE CONTRACTUAL OBLIGATIONS**..... The Contractual Obligations are issued as \$2,300,000 Public Property Finance Contractual Obligations, Series 2014. The Contractual Obligations are to mature on February 1 in each of the years 2015 through 2024, unless the purchaser designates one or more maturities as Term Contractual Obligations (see "The Bonds and Contractual Obligations - Description of the Bonds and Contractual Obligations").

**PAYMENT OF INTEREST** ..... Interest on the Bonds and Contractual Obligations accrues from March 15, 2014, and is payable August 1, 2014, and each February 1 and August 1 thereafter until maturity or, with respect to the Bonds, prior redemption (see "The Bonds and Contractual Obligations - Description of the Bonds and Contractual Obligations" and "The Bonds and Contractual Obligations - Optional Redemption").

**AUTHORITY FOR ISSUANCE**..... The Bonds are issued pursuant to the Constitution and general laws of the State, including particularly Texas Government Code, Chapter 1331, the City's Home Rule Charter, and an election held in the City on November 5, 2013 and passed by a majority of the participating voters, and the Bond Ordinance passed by the City Council of the City (see "The Bonds and Contractual Obligations - Authority for Issuance").

The Contractual Obligations are issued pursuant to the Constitution and general laws of the State, including particularly Subchapter A of Chapter 271, Texas Local Government Code (the Public Property Finance Act), the City's Home Rule Charter, and the Contractual Obligation Ordinance passed by the City Council of the City (see "The Bonds and Contractual Obligations - Authority for Issuance").

**SECURITY FOR THE BONDS AND CONTRACTUAL OBLIGATIONS**. The Bonds and Contractual Obligations constitute direct obligations of the City, payable from the levy and collection of a direct and continuing ad valorem tax, within the limits prescribed by law, on all taxable property located within the City (see "The Bonds and Contractual Obligations - Security and Source of Payment").

**QUALIFIED TAX-EXEMPT OBLIGATIONS**..... The City will designate the Bonds and Contractual Obligations as "Qualified Tax-Exempt Obligations" for financial institutions (see "Tax Matters - Qualified Tax-Exempt Obligations for Financial Institutions").

**REDEMPTION** ..... The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2025, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2024, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "The Bonds and Contractual Obligations - Optional Redemption").

The Contractual Obligations are not subject to redemption prior to maturity.

**TAX EXEMPTION**..... In the opinion of Bond Counsel, the interest on the Bonds and Contractual Obligations will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations.

**USE OF PROCEEDS** ..... Proceeds from the sale of the Bonds will be used for (i) permanent public improvements and public purposes, to wit: park improvements (Boys Ranch Lake improvements, trail improvements, channel improvements, recreation facilities, and related improvements at Boys Ranch Park); and (ii) payment of the costs associated with the issuance of the Bonds.

Proceeds from the sale of the Contractual Obligations will be used for the purpose of paying contractual obligations to be incurred for the purpose of paying contractual obligations to be incurred for (i) the purchase of a fire truck, (ii) the purchase of computer software, (iii) a system upgrade to the emergency services communication system; and (iv) professional services rendered in connection therewith.

**RATINGS** ..... The Bonds and Contractual Obligations are rated "AA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") (see "Other Information - Ratings"). The City also has outstanding debt that is rated by Moody's Investors Service, Inc. ("Moody's").

**BOOK-ENTRY-ONLY SYSTEM**..... The definitive Bonds and Contractual Obligations will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Bonds and Contractual Obligations may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Bonds and Contractual Obligations will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Bonds and Contractual Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Bonds and Contractual Obligations (see "The Bonds and Contractual Obligations - Book-Entry-Only System").

**PAYMENT RECORD** ..... The City has never defaulted on the payment of its bonded indebtedness.

**SELECTED FINANCIAL INFORMATION**

Fiscal Year Ended 9/30	Estimated City Population	Taxable Assessed Valuation	Per Capita Taxable Assessed Valuation	Tax Supported Debt at End of Year	Per Capita Tax Supported Debt	Ratio Tax Supported Debt to Taxable Assessed Valuation	% of Total Tax Collections
2010	46,979 <sup>(1)</sup>	\$2,802,441,727	\$59,653	\$54,440,000	\$1,159	1.94%	99.27%
2011	46,980 <sup>(2)</sup>	2,877,028,431	61,239	61,170,000	1,302	2.13%	99.97%
2012	46,990 <sup>(2)</sup>	2,965,988,327	63,120	55,365,000	1,178	1.87%	99.54%
2013	47,310 <sup>(2)</sup>	2,961,094,384	62,589	56,075,000	1,185	1.89%	99.15%
2014	48,721 <sup>(3)</sup>	3,021,847,335 <sup>(4)</sup>	62,024	55,450,000 <sup>(5)</sup>	1,138	1.83%	90.69% <sup>(6)</sup>

- (1) Source: U.S. Census Bureau.
- (2) Source: North Central Texas Council of Governments.
- (3) Source: Demographicsnow.com.
- (4) As reported by the Tarrant Appraisal District on City's annual State Property Tax Reports; subject to change during the ensuing year.
- (5) Preliminary, includes the Bonds and Contractual Obligations.
- (6) Collections for partial year only, through February 1, 2014.

For additional information regarding the City, please contact:

<p>Beverly Griffith Clifford Blackwell City of Bedford 2000 Forest Ridge Drive Bedford, Texas 76021 (817) 952-2164</p>	or	<p>David K. Medanich Laura Alexander Nick Bulaich First Southwest Company 777 Main Street, Suite 1200 Fort Worth, Texas 76102 (817) 332-9710</p>
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**CITY OFFICIALS, STAFF AND CONSULTANTS**

**ELECTED OFFICIALS**

<u>City Council</u>	<u>Length of Service</u>	<u>Term Expires</u>	<u>Occupation</u>
Jim Griffin Mayor	10 Years	May, 2015	Senior Consultant
Michael Boyter Councilmember Place 1	2 Years	May, 2015	Medical Sales
Jim Davisson Councilmember Place 2	2 Years	May, 2015	Education
Ray Champney Councilmember Place 3	5 Years	May, 2016	Marketing
Patricia Nolan Councilmember Place 4	2 Years	May, 2014	Marketing
Roy Turner Councilmember Place 5	7 Years	May, 2016	Physician
Chris Brown Councilmember Place 6	6 Years	May, 2014	Student

**SELECTED ADMINISTRATIVE STAFF**

<u>Name</u>	<u>Position</u>	<u>Length of Service with City</u>	<u>Length of Government Service</u>
Beverly Griffith	City Manager	19 Years	36 Years
Clifford Blackwell	Director of Administrative Services	4 Years	18 Years
Michael Wells	City Secretary	7 Years	13 Years
Stan Lowry	City Attorney	19 Years	24 Years

**CONSULTANTS AND ADVISORS**

Auditors .....	BKD, L.L.P Dallas, Texas
Bond Counsel .....	Fulbright & Jaworski LLP Dallas, Texas
Financial Advisor .....	First Southwest Company Fort Worth, Texas

**PRELIMINARY OFFICIAL STATEMENT**

**RELATING TO**

**\$3,200,000**  
**GENERAL OBLIGATION BONDS, SERIES 2014**

**\$2,300,000**  
**PUBLIC PROPERTY FINANCE**  
**CONTRACTUAL OBLIGATIONS, SERIES 2014**

**INTRODUCTION**

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of \$3,200,000 City of Bedford, Texas, General Obligation Bonds, Series 2014 (the "Bonds") and \$2,300,000 City of Bedford, Texas, Public Property Finance Contractual Obligations, Series 2014 (the "Contractual Obligations", and collectively with the Bonds, the "Obligations"). The Obligations are separate and distinct securities offerings being authorized for issuance under separate ordinances (the "Bond Ordinance" and the "Contractual Obligation Ordinance") adopted by the City Council of the City, but are being offered and sold pursuant to a common Official Statement, and while the Obligations share certain common attributes, each issue is separate and apart from the other and should be reviewed and analyzed independently, including the kind and type of obligation being issued, its terms of payment, the security for its payment, the rights of the holders, and the covenants and agreements made with respect thereto. Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the Bond Ordinance and Contractual Obligation Ordinance to be adopted on the date of sale of the Bonds and Contractual Obligations (collectively, the "Ordinances"), which will authorize the issuance of the Obligations, except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Obligations and certain information regarding the City and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, FirstSouthwest, Fort Worth, Texas.

**DESCRIPTION OF THE CITY . . .** The City is a political subdivision and municipal corporation of the State, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City was incorporated in 1953, and first adopted its Home Rule Charter in 1966. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers, with their term of office as three years. The City Manager is the chief administrative officer for the City. Some of the services that the City provides are public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, culture-recreation, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 46,979, while the 2014 estimated population is 48,721. The City covers approximately 10.1 square miles.

**THE BONDS AND CONTRACTUAL OBLIGATIONS**

**DESCRIPTION OF THE BONDS AND CONTRACTUAL OBLIGATIONS . . .** The Obligations are dated March 15, 2014 (the "Dated Date"), and mature on February 1 in each of the years and in the amounts shown on the cover page and page 3 hereof. Interest will accrue from the Dated Date, will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on August 1 and February 1, commencing August 1, 2014, until maturity or, with respect to the Bonds, prior redemption. The definitive Obligations will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Obligations will be made to the owners thereof. Principal of, premium, if any, and interest on the Obligations will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Obligations. See "Book-Entry-Only System" herein.

Interest on the Obligations shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (hereinafter defined), and such interest shall be paid (i) by check sent United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar or (ii) by such other method, acceptable to the Paying Agent/Registrar requested by, and at the risk and expense of, the registered owner. Principal of the Obligations will be paid to the registered owner at their stated maturity or, with respect to the Bonds, upon earlier redemption upon presentation to the designated payment/transfer office of the Paying Agent/Registrar; provided, however, that so long as Cede & Co. (or other DTC nominee) is the registered owner of the Obligations, all payments will be made as described under "The Bonds and Contractual Obligations - Book-Entry-Only System" herein. If the date for any payment on the Obligations shall be a Saturday, Sunday, a legal holiday or a day when banking institutions in the city where the designated payment/transfer office of the Paying Agent/Registrar is located are authorized to close, then the date for such payment shall be the next succeeding day which is not such a day, and payment on such date shall have the same force and effect as if made on the date payment was due.

**AUTHORITY FOR ISSUANCE . . .** The Bonds are being issued pursuant to the Constitution and general laws of the State, particularly Chapter 1331, Texas Government Code, as amended, the City's Home Rule Charter, and an election held in the City on November 5, 2013 and passed by a majority of the participating voters, and by the Bond Ordinance passed by the City Council.

The Contractual Obligations are being issued pursuant to the Constitution and general laws of the State, particularly Subchapter A of Chapter 271, Texas Local Government Code (the Public Property Finance Act), the City's Home Rule Charter, and the Contractual Obligation Ordinance passed by the City Council of the City.

**SECURITY AND SOURCE OF PAYMENT . . .** The principal of and interest on the Obligations is payable from a direct and continuing annual ad valorem tax levied by the City, within the limits prescribed by law, upon all taxable property in the City.

**TAX RATE LIMITATION . . .** All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing, direct annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limit prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City authorizes a maximum tax rate of \$1.50 per \$100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance and based on a 90% collection rate.

**OPTIONAL REDEMPTION . . .** The City reserves the right, at its option, to redeem Bonds having stated maturities on and after February 1, 2025, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof, on February 1, 2024, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Bonds are to be redeemed, the City may select the maturities of Bonds to be redeemed. If less than all the Bonds of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Bonds are in Book-Entry-Only form) shall determine by lot the Bonds, or portions thereof, within such maturity to be redeemed. If a Bond (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Bond (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

The Contractual Obligations are not subject to redemption prior to maturity.

**NOTICE OF REDEMPTION . . .** Not less than 30 days prior to a redemption date for the Bonds, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Bonds to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE BONDS CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY BOND OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH BOND OR PORTION THEREOF SHALL CEASE TO ACCRUE.

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

**AMENDMENTS . . .** The City, may, without the consent of or notice to any registered owners, from time to time and at any time, amend the Ordinances in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the written consent of holders of a majority in aggregate principal amount of the Bonds or Contractual Obligations, as the case may be, then outstanding, amend, add to, or rescind any of the provisions of the Ordinances; provided that, without the consent of the registered owners of all of the Bonds or Contractual Obligations, as the case may be, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on any Bond or Contractual Obligation, reduce the principal amount thereof, the redemption price (with respect to the Bonds), or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds or Contractual Obligations, (2) give any preference to any Bond or Contractual Obligation over any other Bond or Contractual Obligation, as the case may be, or (3) reduce the aggregate principal amount of the Bonds or Contractual Obligations, as the case may be, required to be held by the owners of the Bonds or Contractual Obligations, as the case may be, for consent to any such amendment, addition, or rescission.

**BOOK-ENTRY-ONLY SYSTEM . . .** *This section describes how ownership of the Obligations is to be transferred and how the principal of, premium, if any, and interest on the Obligations are to be paid to and credited by The Depository Trust Company ("DTC"), New York, New York, while the Obligations are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.*

*The City cannot and does not give any assurance that (1) DTC will distribute payments of debt service on the Obligations, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Obligations), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the Securities and Exchange Commission, and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.*

DTC will act as securities depository for the Obligations. The Obligations will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered obligation certificate will be issued for each maturity and series of the Obligations, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Obligations under the DTC system must be made by or through Direct Participants, which will receive a credit for the Obligations on DTC's records. The ownership interest of each actual purchaser of each Obligation ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Obligations are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Obligations, except in the event that use of the book-entry system for the Obligations is discontinued.

To facilitate subsequent transfers, all Obligations deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Obligations with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Obligations; DTC's records reflect only the identity of the Direct Participants to whose accounts such Obligations are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Obligations may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Obligations, such as redemptions, tenders, defaults, and proposed amendments to the Obligation documents. For example, Beneficial Owners of Obligations may wish to ascertain that the nominee holding the Obligations for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the register and request that copies of the notices be provided directly to them.

Redemption notices for the Bonds shall be sent to DTC. If less than all of the Bonds within a maturity and series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Obligations unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Obligations will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar of each series, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent/Registrar of each series, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or Paying Agent/Registrar of each series, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to one or both series of the Obligations at any time by giving reasonable notice to the City or the respective Paying Agent/Registrar. Under such circumstances, in the event that a successor depository is not obtained, Obligation certificates are required to be printed and delivered.

The City may decide to discontinue the use of the system of book-entry-only transfers through DTC (or a successor depository). In that event, Obligation certificates will be printed and delivered.

**Use of Certain Terms in Other Sections of this Official Statement . . .** In reading this Official Statement it should be understood that while the Obligations are in the Book-Entry-Only System, references in other sections of this Official Statement to registered owners should be read to include the person for which the Participant acquires an interest in the Obligations, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the Ordinances will be given only to DTC.

Information concerning DTC and the Book-Entry-Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor, or the Initial Purchasers.

**Effect of Termination of Book-Entry-Only System . . .** In the event that the Book-Entry-Only System of the Obligations is discontinued, printed certificates will be issued to the DTC Participants or the holder, as the case may be, and such Obligations will be subject to transfer, exchange and registration provisions as set forth in the Ordinances and summarized under "The Bonds and Contractual Obligations - Transfer, Exchange and Registration" below.

**PAYING AGENT/REGISTRAR . . .** The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A., Dallas, Texas. In the Ordinances, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds or Contractual Obligations are duly paid and any successor Paying Agent/Registrar shall be a commercial bank or trust company organized under the laws of the State of Texas or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar for the Bonds and Contractual Obligations. Upon any change in the Paying Agent/Registrar for the Bonds or Contractual Obligations, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Bonds and Contractual Obligations affected by the changes by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

**TRANSFER, EXCHANGE AND REGISTRATION . . .** In the event the Book-Entry-Only System should be discontinued, with respect to the Bonds or the Contractual Obligations, Bonds or Contractual Obligations, as the case may be, will be printed and delivered to the registered owners thereof and thereafter may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Bonds and Contractual Obligations may be assigned by the execution of an assignment form on the respective Bonds and Contractual Obligations or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Bonds and Contractual Obligations will be delivered by the Paying Agent/Registrar, in lieu of the Bonds and Contractual Obligations being transferred or exchanged, at the designated office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Bonds and Contractual Obligations issued in an exchange or transfer of Bonds and Contractual

Obligations will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Bonds and Contractual Obligations to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Bonds and Contractual Obligations registered and delivered in an exchange or transfer shall be in any integral multiple of \$5,000 for any one maturity and for a like aggregate principal amount and series as the Bonds and Contractual Obligations surrendered for exchange or transfer. See "Book-Entry-Only System" herein for a description of the system to be utilized initially in regard to ownership and transferability of the Obligations. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Bond called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Bond.

**RECORD DATE FOR INTEREST PAYMENT . . .** The record date ("Record Date") for the interest payable on the Bonds and Contractual Obligations on any interest payment date means the close of business on fifteenth day of the month next preceding such interest payment date.

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

**OBLIGATIONHOLDERS' REMEDIES . . .** The Ordinances do not specify payments of default. If the City defaults in the payment of principal or of interest on the Obligations when due, or if it fails to make payments into any fund or funds created in the Ordinances, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Obligations if there is no other available remedy at law to compel performance of the Obligations or the Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus may be sought if there is no other available remedy at law to compel performance of the Obligations or Ordinances and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Obligations in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Ordinances does not provide for the appointment of a trustee to represent the interest of the holders of the Obligations upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and accordingly all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court ruled in *Tooke v. City of Mexia*, 197 S.W.3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, Obligationholders may not be able to bring such a suit against the City for breach of the Obligations or Ordinances covenants in the absence of City action. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Obligations. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or Obligationholders of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Obligations are qualified with respect to the customary rights of debtors relative to their creditors and by general principles of equity which permit the exercise of judicial discretion.

Initially, the only registered owner of the Obligations will be Cede & Co., as DTC's nominee. See "The Bonds and Contractual Obligations - Book-Entry-Only System" herein.

**DEFEASANCE . . .** The Ordinances provide for the defeasance of the Obligations when the payment of the principal of and premium, if any, on the Obligations plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption or otherwise), is provided by irrevocably depositing with the Paying Agent/Registrar or other authorized Escrow Agent, in trust (1) money sufficient to make such payment or (2) Government Securities, maturing as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money to make such payment, and all necessary and proper fees, compensation, and expenses of the paying agent for the Obligations being defeased. The Ordinances provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America,

including obligations that are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date of acquisition or purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of the acquisition or purchase thereof, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Obligations under the then applicable laws of the State of Texas. The City additionally has the right, subject to satisfying the requirements of (1) and (2) above, to substitute other Government Securities for the Government Securities originally deposited, to reinvest the uninvested moneys on deposit for such defeasance and to withdraw for the benefit of the City moneys in excess of the amount required for such defeasance. There is no assurance that the current law will not be changed in a manner which would permit investments other than those described above to be made with amounts deposited to defease the Obligations. Because the Ordinance does not contractually limit such investments, registered owners will be deemed to have consented to defeasance with such other investments, notwithstanding the fact that such investments may not be of the same investment quality as those currently permitted under State law.

Upon making such deposit in the manner described, such Obligations shall no longer be deemed outstanding obligations secured by the Ordinance, but will be payable only from the funds and Government Securities deposited in escrow and will not be considered debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt or for any other purpose. There is no assurance that the ratings for U.S. Treasury securities used for defeasance purposes or that for any other Government Securities will be maintained at any particular rating category. Furthermore, all rights of the City to initiate proceedings to call the Obligations for redemption or take any other action amending the terms of the Obligations are extinguished; provided, however, that the right to call the Obligations for redemption is not extinguished if the City: (i) in the proceedings providing for the firm banking and financial arrangements, expressly reserves the right to call the Obligations for redemption; (ii) gives notice of the reservation of that right to the owners of the Obligations immediately following the making of the firm banking and financial arrangements; and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

**AMENDMENTS . . .** The City may amend the Ordinance without the consent of or notice to any registered owners of the Obligations in any manner not detrimental to the interests of such registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission therein. In addition, the City may, with the consent of the registered owners of a majority in aggregate principal amount of the Obligations then Outstanding, amend, add to, or rescind any of the provisions of the Ordinance; provided that, without the consent of all registered owners of all Outstanding Obligations, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Obligations, reduce the principal amount, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Obligations, (2) give any preference to any Obligation over any other Obligation, or (3) reduce the aggregate principal amount of Obligations required to be held by registered owners of such Obligations for consent to any such amendment, addition, or rescission under the Ordinance.

## TAX INFORMATION

**AD VALOREM TAX LAW . . .** The appraisal of property within the City is the responsibility of the Tarrant Appraisal District (the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under the Texas Property Tax Code to appraise all property within the Appraisal District on the basis of 100% of its market value and are prohibited from applying any assessment ratios. In determining the market value of property, different methods of appraisal may be used, including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead, regardless of whether residential use is considered to be the highest and best use of the property.

State law further limits the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of (1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office or (2) the sum of (a) 10% of the property's appraised value the preceding year plus (b) the property's appraised value in the preceding year plus (c) the market value of all new improvements to the property. The value placed upon property within the Appraisal District is subject to review by an Appraisal Review Board, consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to Title I of the Texas Tax Code (the "Property Tax Code") for identification of property subject to taxation; property exempt or which may be exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant an exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than \$3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of \$5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have previously been pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

As of January 1, 2004, under Article VIII and State law, the governing body of a county, municipality or junior college district may provide for a freeze on total amount of ad valorem levied on the residence homestead of a disabled person or persons 65 years of age or older above the amount of tax imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. If improvements (other than repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established such freeze cannot be repealed or rescinded.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000; provided, however, that beginning in the 2009 tax year, a disabled veteran who receives from the from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Furthermore, effective January

1, 2012, surviving spouses of a deceased veteran who had received a disability rating of 100% are entitled to receive a residential homestead exemption equal to the exemption received by the deceased spouse until such surviving spouse remarries.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Sections 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, are exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freepoint property" to be exempted from ad valorem taxation. Freepoint property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Notwithstanding such exemption, counties, school districts, junior college districts and cities may tax such tangible personal property provided official action to tax the same was taken before April 1, 1990. Decisions to continue to tax may be reversed in the future; decisions to exempt freepoint property are not subject to reversal.

Under Section 11.253 of the Texas Tax Code, "Goods-in-Transit" are exempt from taxation unless a taxing unit opts out of the exemption. Goods-in-Transit are defined as tangible personal property that: (i) is acquired in or imported into the state to be forwarded to another location in the state or outside the state; (ii) is detained at a location in the state in which the owner of the property does not have a direct or indirect ownership interest for assembling, storing, manufacturing, processing, or fabricating purposes by the person who acquired or imported the property; (iii) is transported to another location in the state or outside the state not later than 175 days after the date the person acquired the property in or imported the property into the state; and (iv) does not include oil, natural gas, petroleum products, aircraft, dealer's motor vehicle inventory, dealer's vessel and outboard motor inventory, dealer's heavy equipment inventory, or retail manufactured housing inventory. A taxpayer may receive only one of the freepoint exemptions or the goods-in-transit exemptions for items of personal property.

The City may create one or more tax increment financing districts ("TIF") within the City and freeze the taxable values of property in the TIF at the value at the time of its creation. Other overlapping taxing units levying taxes in the TIF may agree to contribute all or part of future ad valorem taxes levied and collected against the value of property in the TIF in excess of the "frozen values" to pay or finance the costs of certain public improvements in the TIF. Taxes levied by the City against the values of real property in the TIF in excess of the "frozen" value are not available for general city use but are restricted to paying or financing "project costs" within the TIF. The City also may enter into tax abatement agreements to encourage economic development. Under tax abatement agreement, a property owner typically agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

Municipalities are also authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380"), to establish programs or promote state or local economic development and to stimulate business and commercial activity in the city. In accordance with a program established pursuant to Chapter 380, a city may make loans or grants of public funds for economic development purposes, however, no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the city.

**EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . .** Section 26.05 of the Property Tax Code provides that the governing body of a taxing unit is required to adopt the annual tax rate for the unit before the later of September 30 or the 60<sup>th</sup> day after the date the certified appraisal roll is received by the taxing unit, and a failure to adopt a tax rate by such required date will result in the tax rate for the taxing unit for the tax year to be the lower of the effective tax rate calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year. Furthermore, Section 26.05 provides the City Council may not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditures, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year.

Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

**PROPERTY ASSESSMENT AND TAX PAYMENT . . .** Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of February 1. Oil and gas reserves are assessed on the basis of a valuation process which uses an average of the daily price of oil and gas for the prior year. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1.

**PENALTIES AND INTEREST . . .** Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

After July, the penalty remains at 12%, and interest accrues at a rate of one percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to accrue interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition the taxing unit may contract with an attorney for the collection of delinquent taxes and the amount of compensation as set forth in such contract may not provide for a fee that exceeds 20% of the amount of delinquent tax, penalty, and interest collected, and such fee may be added to the total tax penalty and interest charged to the taxpayer. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

**CITY APPLICATION OF PROPERTY TAX CODE . . .** The City grants an exemption to the market value of the residence homestead of persons 65 years of age or older of \$50,000.

The City has not granted an additional exemption of 20% of the market value of residence homesteads.

The City has established a freeze on the taxes on residence homesteads of persons 65 years of age or who are disabled.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City does not tax nonbusiness personal property and Tarrant County collects taxes for the City.

The City does permit split payments, and discounts are allowed.

The City does not tax freeport property.

The City does collect the additional one-half cent sales tax for reduction of ad valorem taxes.

The City has adopted a tax abatement policy.

The City does not tax goods in transit.

**TAX ABATEMENT POLICY . . .** The City has established a tax abatement program to encourage economic development. In order to be considered for tax abatement, a project must meet certain criteria pertaining to property value enhancement and amount expended on the proposed project. Projects may be eligible for a tax abatement of up to 100% of the incremental value and may be for a period of ten years. The City has granted several tax abatements for several projects, with an estimated maximum of \$3 million in tax and permit revenues abated over 10 years beginning in tax year 2013.

**TABLE 1 - VALUATION, EXEMPTIONS AND GENERAL OBLIGATION DEBT**

2013/14 Market Valuation Established by Tarrant Appraisal District (excluding totally exempt property)		\$ 3,109,412,591
Less Exemptions/Reductions at 100% Market Value:		
Over 65	\$ 169,339,659	
Disabled Veterans Exemption	9,281,583	
Pollution Control Exemption	10,503	
Lost to Nominal Values	499.00	
Solar/Wind	1	
Prorated Absolute	147,102	
Agricultural Land Use Reductions	<u>188,851</u>	<u>178,968,198</u>
2013/14 Taxable Assessed Valuation		\$ 2,930,444,393
Plus Net Taxable Value in Arbitration and Incomplete		91,402,942
2013/14 Taxable Assessed Valuation		<u>\$ 3,021,847,335</u>
Debt Payable from Ad Valorem Taxes (as of 2-1-14)		
General Obligation Indebtedness	\$ 49,950,000	
The Contractual Obligations	2,300,000	
The Bonds	<u>3,200,000</u>	
Debt Payable from Ad Valorem Taxes		\$ 55,450,000
Self Supporting General Obligation Debt: <sup>(1)</sup>		
Economic Development Corporation Sales Tax Revenues <sup>(2)</sup>	\$ 5,070,000	
Tourism Development Fund (Hotel/Motel Tax) <sup>(3)</sup>	285,000	
Stormwater Utility System Revenues	3,030,000	
Waterworks and Sewer System Revenues	<u>14,305,000</u>	<u>22,690,000</u>
Net Funded Debt Payable From Ad Valorem Taxes		<u>\$ 32,760,000</u>
Interest and Sinking Fund as of 2-1-14		\$ 1,664,598
Ratio Tax Supported Debt to Taxable Assessed Valuation . . . . .		1.83%
Ratio Net Tax Supported Debt to Taxable Assessed Valuation . . . . .		1.08%

2014 Estimated Population - 48,721  
Per Capita Taxable Assessed Valuation - \$62,024  
Per Capita Funded Debt - \$1,138  
Per Capita Net Funded Debt - \$672

- (1) General obligation debt in the amounts shown for which repayment is provided from revenue sources other than ad valorem tax receipts, as shown in Table 10. It is the City's current policy to provide for the payment of the general obligation debt shown from these revenue sources. This policy is subject to change in the future. See also "Table 8 – General Obligation Debt Service Requirements".
- (2) See "Table 14 - Municipal Sales Tax History" herein for a description of the arrangement between the City and the City of Bedford Street Improvement Economic Development Corporation for payment of the general obligation debt shown from sales tax revenues collected on behalf of the Corporation. See also "Table 8 – General Obligation Debt Service Requirements".
- (3) It is the City's current policy to provide for the payment of the general obligation debt shown from these revenue sources. This policy is subject to change in the future. See also "Table 8 – General Obligation Debt Service Requirements".

**TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY**

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2014		2013		2012	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
Real, Residential Single Family	\$2,028,917,442	65.25%	\$2,003,195,685	64.86%	\$1,987,715,627	68.27%
Real, Residential Multi-Family	437,125,222	14.06%	414,960,572	13.44%	291,145,940	10.00%
Real, Vacant Lots/Tracts	18,925,264	0.61%	21,033,457	0.68%	19,067,285	0.65%
Real, Acreage (Land Only)	6,611,643	0.21%	7,229,190	0.23%	7,285,333	0.25%
Real, Commercial	492,091,153	15.83%	509,355,990	16.49%	477,887,650	16.41%
Real, Industrial	4,488,555	0.14%	5,090,000	0.16%	5,466,619	0.19%
Real and Tangible Personal, Utilities	30,180,823	0.97%	32,879,841	1.06%	35,847,781	1.23%
Tangible Personal, Commercial	88,429,959	2.84%	92,293,917	2.99%	83,871,850	2.88%
Tangible Personal, Industrial	1,848,270	0.06%	1,930,078	0.06%	2,545,540	0.09%
Tangible Personal, Other	-	0.00%	-	0.00%	-	0.00%
Real Property, Inventory	794,260	0.03%	479,360	0.02%	900,800	0.03%
Total Appraised Value Before Exemptions	\$3,109,412,591	100.00%	\$3,088,448,090	100.00%	\$2,911,734,425	100.00%
Net Taxable Value in Arbitration and Incomplete Adjustments	91,402,942		65,142,631		195,494,153	
Less: Total Exemptions/Reductions	(178,968,198)		(180,088,352)		(164,076,940)	
<b>Taxable Assessed Value</b>	<b>\$3,021,847,335</b>		<b>\$2,961,094,384</b>		<b>\$2,965,988,327</b>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2011		2010	
	Amount	% of Total	Amount	% of Total
Real, Residential Single Family	\$1,986,597,091	65.31%	\$1,958,971,240	63.42%
Real, Residential Multi-Family	340,719,435	11.20%	373,223,462	12.08%
Real, Vacant Lots/Tracts	22,230,002	0.73%	20,434,968	0.66%
Real, Acreage (Land Only)	8,044,972	0.26%	8,003,716	0.26%
Real, Commercial	520,601,155	17.11%	548,077,190	17.74%
Real, Industrial	5,266,619	0.17%	5,284,583	0.17%
Real and Tangible Personal, Utilities	37,043,385	1.22%	37,076,425	1.20%
Tangible Personal, Commercial	117,497,878	3.86%	131,111,715	4.24%
Tangible Personal, Industrial	2,828,276	0.09%	2,779,123	0.09%
Tangible Personal, Other	-	0.00%	-	0.00%
Real Property, Inventory	1,145,840	0.04%	4,147,983	0.13%
Total Appraised Value Before Exemptions	\$3,041,974,653	100.00%	\$3,089,110,405	100.00%
Net Taxable Value in Arbitration and Incomplete Adjustments	-		(132,673,554)	
Less: Total Exemptions/Reductions	(164,946,222)		(153,995,124)	
<b>Taxable Assessed Value</b>	<b>\$2,877,028,431</b>		<b>\$2,802,441,727</b>	

NOTE: Valuations shown are certified taxable assessed values reported by the Tarrant Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District updates records.

The City is approximately 97% built out and currently cannot annex additional territory as it is surrounded by other political subdivisions.

**TABLE 3 - VALUATION AND GENERAL OBLIGATION DEBT HISTORY**

Fiscal Year Ended 9/30	Estimated Population	Taxable Assessed Valuation	Taxable Assessed Valuation Per Capita	Tax Supported Debt Outstanding at End of Year	Ratio of Tax Supported Debt to Taxable Assessed Valuation	Tax Supported Debt Per Capita
2010	46,979 <sup>(1)</sup>	\$2,802,441,727	\$ 59,653	\$ 54,440,000	1.94%	\$ 1,159
2011	46,980 <sup>(2)</sup>	2,877,028,431	61,239	61,170,000	2.13%	1,302
2012	46,990 <sup>(2)</sup>	2,965,988,327	63,120	55,365,000	1.87%	1,178
2013	47,310 <sup>(2)</sup>	2,961,094,384	62,589	56,075,000	1.89%	1,185
2014	48,721 <sup>(3)</sup>	3,021,847,335 <sup>(4)</sup>	62,024	55,450,000 <sup>(5)</sup>	1.83%	1,138

(1) Source: U.S. Census Bureau.

(2) Source: North Central Texas Council of Governments.

(3) Source: Demographicsnow.com.

(4) As reported by the Tarrant Appraisal District on City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(5) Preliminary, includes the Bonds and Contractual Obligations.

**TABLE 4 - TAX RATE, LEVY AND COLLECTION HISTORY**

Fiscal Year Ended 9/30	Tax Rate	Distribution		Tax Levy	% of Current Tax Collections to Tax Levy	% of Total Tax Collections to Tax Levy
		General Fund	Interest and Sinking Fund			
2010	\$ 0.463348	\$ 0.299096	\$ 0.164252	\$13,688,110	99.09%	99.27%
2011	0.491609	0.309075	0.182534	13,897,299	99.29%	99.97%
2012	0.504329	0.311257	0.193072	14,374,422	99.10%	99.54%
2013	0.499115	0.306043	0.193072	14,437,257	98.79%	99.15%
2014	0.494830	0.303214	0.191616	14,524,393	90.62% <sup>(1)</sup>	90.69% <sup>(1)</sup>

(1) Collections for partial year only, through February 1, 2014.

**TABLE 5 - TEN LARGEST TAXPAYERS**

Name of Taxpayer	Nature of Property	2013/14 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
CMF 15 Portoflio LLC	Real Estate/Retail	\$ 73,470,000	2.43%
Wal-Mart Real Estate Business Trust	Retail	26,927,484	0.89%
Oncor Electric Delivery	Electric Utility	20,504,250	0.68%
Pem 121 Airport Centre II Lp	Office Space	18,678,384	0.62%
Parc Plaza Homes LP	Multi Family	17,115,295	0.57%
Paramount Villages LLC	Multi Family	15,033,000	0.50%
WDOP SUB II LP	Apartments	14,881,240	0.49%
ARC Rrbdftx001 LLC	Real Estate/Medical	13,655,895	0.45%
Crp/Tbg Harwood Hills LP	Property Management	13,323,820	0.44%
State National Insurance Co., Inc.	Insurance	13,165,257	0.44%
		<u>\$ 226,754,625</u>	<u>7.50%</u>

**GENERAL OBLIGATION DEBT LIMITATION . . .** No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "The Certificates – Tax Rate Limitation").

**TABLE 6 - TAX ADEQUACY<sup>(1)</sup>**

2014 Principal and Interest Requirements	\$ 5,192,324
\$0.1736 Tax Rate at 99% Collection Produces	\$ 5,193,468
Average Annual Principal and Interest Requirements, 2014 - 2033	\$ 2,235,235
\$0.0748 Tax Rate at 99% Collection Produces	\$ 2,237,738
Maximum Principal and Interest Requirements, 2015	\$ 5,572,764
\$0.1863 Tax Rate at 99% Collection Produces	\$ 5,573,405

(1) Less revenue supported general obligation debt.

**TABLE 7 - ESTIMATED OVERLAPPING DEBT**

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2013/14 Taxable Assessed Value	2013/14 Tax Rate	Total Tax Supported Debt	Estimated % Applicable	City's Overlapping Tax Supported Debt As of 2-1-14	Authorized But Unissued Debt As Of 2-1-14
City of Bedford	\$ 3,021,847,335	\$ 0.494830	\$ 32,760,000	100.00%	\$ 32,760,000 <sup>(1)</sup>	\$ 10,725,000 <sup>(2)</sup>
Hurst-Eules-Bedford Independent School District	8,941,327,326	1.407500	302,122,934	31.62%	95,531,272	-
Tarrant County	126,858,702,396	0.264000	336,635,000	2.36%	7,944,586	96,520,000
Tarrant County College District	127,454,200,572	0.149500	15,485,000	2.36%	365,446	-
Tarrant County Hospital District	127,015,707,711	0.227897	25,375,000	2.36%	598,850	-
 					<hr/>	
Total Direct and Overlapping Tax Supported Debt					\$ 137,200,154	
Ratio of Direct and Overlapping Tax Supported Debt to Taxable Assessed Valuation					4.54%	
Per Capita Overlapping Tax Supported Debt					\$ 2,816.04	

(1) Less revenue supported general obligation debt.

(2) Reflects remaining authorization after the issuance of the Bonds.

**DEBT INFORMATION**

**TABLE 8 - GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

Fiscal Year Ended	Outstanding Debt <sup>(1)</sup>		The Bonds <sup>(2)</sup>		The Obligations <sup>(3)</sup>		Total Outstanding Debt	Economic Development Self-Supporting Requirements <sup>(4)</sup>	Water and Sewer Self-Supporting Requirements <sup>(4)</sup>	Stormwater Drainage Self-Supporting Requirements <sup>(4)</sup>	Tourism Self-Supporting Requirements <sup>(4)</sup>	Total Debt Less Self-Supporting Requirements	% of Total Outstanding Principal Retired
	Principal	Interest	Principal	Interest	Principal	Interest							
2014	\$ 6,125,000	\$ 1,988,586	\$ -	\$ 48,356	\$ -	\$ 19,118	\$ 8,181,060	\$ 1,377,875	\$ 1,262,851	\$ 245,800	\$ 102,210	\$ 5,192,324	
2015	6,330,000	1,736,288	105,000	125,900	210,000	48,506	8,555,694	1,382,738	1,258,213	243,100	98,880	5,572,764	
2016	6,275,000	1,482,707	110,000	121,600	215,000	44,256	8,248,563	1,389,475	1,267,726	245,350	100,458	5,245,554	
2017	6,205,000	1,228,988	115,000	117,100	220,000	39,906	7,925,994	1,391,600	1,274,638	241,850	101,850	4,916,056	
2018	5,035,000	1,000,638	120,000	112,400	220,000	35,506	6,523,544	1,390,475	1,284,285	247,500	-	3,601,284	50.45%
2019	2,720,000	859,982	125,000	107,500	225,000	31,056	4,068,538	40,800	1,130,296	243,000	-	2,654,442	
2020	2,765,000	775,992	130,000	102,400	230,000	26,506	4,029,898	-	1,131,864	243,425	-	2,654,609	
2021	2,505,000	694,980	135,000	97,100	235,000	21,416	3,688,495	-	1,141,838	243,700	-	2,302,957	
2022	2,455,000	617,442	140,000	91,600	240,000	15,625	3,559,667	-	1,154,703	248,538	-	2,156,426	
2023	2,005,000	542,764	145,000	85,900	250,000	9,500	3,038,164	-	1,144,880	242,375	-	1,650,909	74.04%
2024	2,100,000	469,660	155,000	79,900	255,000	3,188	3,062,747	-	1,157,679	245,375	-	1,659,694	
2025	1,910,000	396,513	160,000	73,600	-	-	2,540,113	-	1,158,695	247,975	-	1,133,444	
2026	1,980,000	323,912	165,000	67,100	-	-	2,536,012	-	1,158,360	240,375	-	1,137,277	
2027	2,070,000	247,569	175,000	60,300	-	-	2,552,869	-	1,171,198	242,575	-	1,139,096	
2028	1,320,000	184,156	180,000	53,200	-	-	1,737,356	-	652,984	244,244	-	840,128	91.04%
2029	1,370,000	133,814	185,000	45,900	-	-	1,734,714	-	649,189	245,238	-	840,287	
2030	1,440,000	79,846	195,000	38,300	-	-	1,753,146	-	658,958	245,531	-	848,656	
2031	930,000	34,506	200,000	30,400	-	-	1,194,906	-	490,759	245,250	-	458,897	
2032	420,000	10,826	210,000	22,200	-	-	663,026	-	314,026	-	-	348,999	99.63%
2033	115,000	2,300	220,000	13,600	-	-	350,900	-	-	-	-	350,900	100.00%
2034	-	-	230,000	4,600	-	-	234,600	-	-	-	-	234,600	
	<b>\$ 56,075,000</b>	<b>\$ 12,811,466</b>	<b>\$ 3,200,000</b>	<b>\$ 1,498,956</b>	<b>\$ 2,300,000</b>	<b>\$ 294,584</b>	<b>\$ 76,180,005</b>	<b>\$ 6,972,963</b>	<b>\$ 19,463,140</b>	<b>\$ 4,401,200</b>	<b>\$ 403,398</b>	<b>\$ 44,939,305</b>	

(1) "Outstanding Debt" includes self-supporting debt; excludes Refunded Bonds.

(2) Average life of the Bonds - 11.711 years. Interest calculated at 4.00% for purposes of illustration.

(3) Average life of the Bonds - 5.552 years. Interest calculated at 2.30% for purposes of illustration.

(4) It is the City's current policy to provide for the payment of the general obligation debt shown from the revenue sources indicated. This policy is subject to change in the future. See

"Table 10 - Computation of Self-Supporting Debt".

**TABLE 9 - INTEREST AND SINKING FUND BUDGET PROJECTION <sup>(1)</sup>**

Projected Tax Supported Debt Service Requirements, Fiscal Year Ending 9-30-14 .....		\$6,551,187 <sup>(2)</sup>
Interest and Sinking Fund, 9-30-13 .....	\$ 1,128,797	
Budget Interest and Sinking Fund Tax Levy .....	5,154,966	
Transfer from EDC .....	1,377,875	
Estimated Investment Income .....	<u>9,000</u>	<u>7,670,638</u>
Estimated Balance, 9-30-14 .....		<u>\$ 1,119,451</u>

(1) Source: City's Annual Budget for Fiscal Year 2013/14; includes fiscal agent charges and does not include debt service on the Obligations.

(2) Does not include self-supporting general obligation debt payable from the City's Waterworks and Sewer System.

**TABLE 10 - COMPUTATION OF SELF-SUPPORTING DEBT**

Stormwater System

Net Revenue from Stormwater System, Fiscal Year Ended 9-30-13 .....	\$ 415,204
Less: Stormwater System Revenue Bond Requirements, 2014 Fiscal Year .....	<u>245,800</u>
Balance .....	<u>\$ 169,404</u>

Economic Development Corporation

Revenue Available from Economic Development Corporation Sale Tax, Fiscal Year Ended 9-30-13 .....	\$ 1,790,676
Economic Development Corporation Sales Tax General Obligation Bond Requirements, 2014 Fiscal Year .....	<u>1,377,875</u>
Balance .....	<u>\$ 412,801</u>

Tourism Development

Tourism Development Fund Balance, Fiscal Year Ended 9-30-13 .....	\$ 252,365
Tourism Development Fund General Obligation Bond Requirements, 2014 Fiscal Year .....	<u>102,210</u>
Balance .....	<u>\$ 150,155</u>

Waterworks and Sewer System

Revenue Available for Debt from Waterworks and Sewer System Fund, Fiscal Year Ended 9-30-13 .....	\$4,050,377
Less: Revenue Bond Requirements, 2014 Fiscal Year .....	<u>-</u>
Balance Available for Other Purposes .....	\$4,050,377
Waterworks and Sewer System Fund General Obligation Bond Requirements, 2014 Fiscal Year .....	<u>1,262,851</u>
Balance .....	<u>\$2,787,526</u>

**TABLE 11 - AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS**

Purpose	Date Authorized	Amount Authorized	Amount	Amount	Unissued Balance
			Previously Issued	Being Issued	
Police Facility Improvements	9/12/1995	\$ 6,625,000	\$ 6,295,000	\$ -	\$ 330,000
Street Improvements and Drainage	9/12/1995	13,200,000	12,675,000	-	525,000
Drainage Improvements	11/6/2001	5,895,000	1,800,000	-	4,095,000
City Building Improvements	11/6/2001	1,075,000	885,000	-	190,000
Animal Control	11/6/2001	240,000	-	-	240,000
Public Safety Improvements	11/6/2001	4,060,000	2,885,000	-	1,175,000
Street Improvements (Thoroughfares and Traffic Signalization)	11/6/2001	5,430,000	3,265,000	-	2,165,000
Street Improvements (Residential Street Improvements)	11/6/2001	3,730,000	1,725,000	-	2,005,000
Park Improvements	11/5/2013	3,200,000	-	3,200,000	-
		<u>\$43,455,000</u>	<u>\$29,530,000</u>	<u>\$3,200,000</u>	<u>\$10,725,000</u>

**ANTICIPATED ISSUANCE OF ADDITIONAL GENERAL OBLIGATION DEBT . . .** The City does not anticipate the issuance of additional general obligation debt within the next 6 months.

**TABLE 12 – OTHER OBLIGATIONS**

The City has no unfunded debt outstanding as of February 1, 2014.

**PENSION FUND . . .** The City provides pension benefits for all of its full-time employees through the Texas Municipal Retirement System ("TMRS"), a State-wide administered pension plan. The City makes annual contributions to the plan equal to the amounts accrued for pension expense.

**Plan Description . . .** The City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS. TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS: the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System.

	Plan Year 2013	Plan Year 2012	Plan Year 2011	Plan Year 2010
Employee deposit rate	5.0%	5.0%	5.0%	5.0%
Matching ratio (city to employee)	2 to 1	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated Service Credit	0%	0%	0%	0%
Annuity Increase (to retirees)	0% of CPI	0% of CPI	0% of CPI	0% of CPI

**Contributions . . .** Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases. The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Fiscal Year	Annual Required Contribution	Interest on Net Pension Obligation	Adjustment to the ARC	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC	Net Pension Obligation/ (Asset)
2010	\$ 1,024,167	\$ -	\$ -	\$ 1,024,167	\$ 1,024,167	100.00%	\$ -
2011	1,282,457	-	-	1,282,457	1,282,457	100.00%	-
2012	1,262,583	-	-	1,262,583	1,262,583	100.00%	-
2013	844,310	-	-	844,310	844,310	100.00%	-

Only two years of data are available for the City's calculation of annual pension costs and net pension obligation because the City only began participating in TMRS in fiscal year 2010.

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

	12/31/2009	12/31/2010 <sup>(1)</sup>	12/31/2010 <sup>(2)</sup>	12/31/2011	12/31/2012
Actuarial Cost Method	Projected Unit Credit				
Amortization Method	Level Percent of Payroll				
GASB 25 Equivalent Single	25.1 years -	24.0 years -	24.1 years -	23.1 years -	23.1 years -
Amortization Period	closed period	closed period	closed period	closed period	closed period
Amortization Period for New Gains/Losses	25 years				
Asset Valuation Method	10-year Smoothed Market				
<b>Actuarial Assumptions:</b>					
Investment Rate of Return*	7.5%	7.5%	7.0%	7.0%	7.0%
Projected Salary Increases*	Varies by age and service				
* Includes Inflation at	3.0%	3.0%	3.0%	3.0%	3.0%
Cost-of-Living Adjustments	0.0%	0.0%	0.0%	0.0%	0.0%

- (1) Prior to restructuring.  
(2) Restructured.

**Funded Status and Funding Progress . . .** In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS City rates and funding ratios, please see the December 31, 2012 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2012, the most recent actuarial valuation date, is as follows:

Actuarial Valuation Date	12/31/2009	12/31/2010 <sup>(1)</sup>	12/31/2010 <sup>(2)</sup>	12/31/2011	12/31/2012
Actuarial Value of Assets	\$ 320,805	\$ 2,378,268	\$ 2,424,829	\$ 4,713,345	\$ 6,694,752
Actuarial Accrued Liability (AAL)	\$8,653,917	\$11,372,548	\$13,872,080	\$15,748,320	\$17,582,830
Percentage Funded	3.7%	20.9%	17.5%	29.9%	38.1%
Unfunded Actuarial Accrued Liability (UAAL)	\$8,333,114	\$ 8,994,280	\$11,447,251	\$11,034,975	\$10,888,078
Annual Covered Payroll	\$2,866,929	\$18,787,516	\$18,787,516	\$18,649,701	\$18,597,171
UAAL as percentage of Cover Payroll	290.7%	47.9%	60.9%	59.2%	58.5%

- (1) Actuarial valuation performed under the original fund structure.  
(2) Actuarial valuation performed under the new fund structure.

**OTHER POST-EMPLOYMENT BENEFITS . . .** In addition to pension benefits, the City provides certain other post-employment benefits for retired employees ("OPEB"). The costs of these benefits are recognized as expenditures on a modified accrual basis when the underlying claims are paid. Commencing in fiscal year 2009, the City implemented GASB Statement No. 43 "Financial Reporting For Post-Employment Benefit Plans Other Than Pension Plans," and in fiscal year 2009, GASB Statement No. 45 "Accounting And Financial Reporting By Employers For Post-Employment Benefits Other Than Pensions." In connection with such implementation, an actuarial study has been performed which calculated an Actuarial Accrued Liability of \$2,467,613. City Staff has recently made significant modifications to the City's active employee health insurance program and to the retiree health benefit plan. In addition, the City has established an OPEB Trust through ICMA RC and funded it with contributions based upon the tiered structure in accordance with the City's revised Retiree Health Policy.

**FINANCIAL INFORMATION**

**TABLE 13 - CHANGES IN NET ASSETS**

Revenues:	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
<u>Program Revenues</u>					
Charges for Services	\$ 5,187,054	\$ 5,985,730	\$ 6,183,407	\$ 5,179,961	\$ 4,966,348
Operating Grants and Contributions	610,603	599,111	711,749	3,092,958	735,473
Capital Funds & Contributions	-	44,102	1,695,184	-	35,973
<u>General Revenues</u>					
Property Taxes	14,488,399	13,735,255	13,968,871	13,714,212	13,486,685
Other Taxes	13,869,690	13,564,826	13,340,659	13,589,736	13,422,780
Other	2,983,446	2,997,838	2,999,220	3,584,984	2,917,679
<b>Total Revenues</b>	<u>\$37,139,192</u>	<u>\$36,926,862</u>	<u>\$38,899,090</u>	<u>\$39,161,851</u>	<u>\$35,564,938</u>
 Expenses:					
General Government and Administration	\$ 4,688,432	\$ 4,796,677	\$ 3,906,050	\$ 4,117,515	\$ 4,184,723
Community Services	2,017,011	1,986,123	1,848,795	1,883,752	2,270,248
Public Services	3,486,148	8,354,007	8,876,104	9,038,955	8,185,269
Public Safety	22,828,761	17,292,190	18,358,228	18,500,766	19,499,698
Leisure Services	3,765,867	3,690,814	4,754,190	4,100,548	4,191,990
Interest Expense	1,724,511	2,169,120	2,213,384	2,140,046	2,254,217
<b>Total Expenses</b>	<u>\$38,510,730</u>	<u>\$38,288,931</u>	<u>\$39,956,751</u>	<u>\$39,781,582</u>	<u>\$40,586,145</u>
 Increase (Decrease) in Net Assets	\$ (1,371,538)	\$ (1,362,069)	\$ (1,057,661)	\$ (619,731)	\$ (5,021,207)
Net Assets - October 1	25,156,412	26,518,481	29,740,453	30,360,184	35,381,391
Restated	(1,056,318)	-	(2,164,311)	-	-
<b>Net Assets - September 30</b>	<u>\$22,728,556</u>	<u>\$25,156,412</u>	<u>\$26,518,481</u>	<u>\$29,740,453</u>	<u>\$30,360,184</u>

**TABLE 13-A - GENERAL FUND REVENUES AND EXPENDITURE HISTORY**

Revenues	Fiscal Year Ended September 30,				
	2013	2012	2011	2010	2009
Taxes, Penalty and Interest	\$ 19,890,570	\$ 19,371,190	\$ 19,202,290	\$ 19,489,620	\$ 19,257,302
Licenses/Permits	456,761	863,709	521,463	710,722	614,126
Charges for Services	2,731,965	2,494,185	2,505,240	2,232,194	2,398,459
Fines/Forfeitures	1,239,093	1,595,887	1,451,436	1,201,247	978,079
Other Governmental	538,583	517,289	545,572	536,328	839,366
Interest Income	9,437	6,783	20,434	55,695	184,145
Miscellaneous	505,907	399,578	414,904	195,871	261,633
<b>Total Revenues</b>	<b>\$25,372,316</b>	<b>\$25,248,621</b>	<b>\$24,661,339</b>	<b>\$24,421,677</b>	<b>\$24,533,110</b>
<b>Expenditures</b>					
General Government	\$ 4,591,046	\$ 4,705,742	\$ 6,199,598	\$ 6,648,389	\$ 6,900,264
Public Safety	16,797,850	16,126,751	16,349,974	16,522,429	16,675,173
Culture/Recreation	3,744,074	3,649,483	3,768,063	3,636,902	3,585,827
Public Works	2,424,332	2,425,856	2,418,811	1,408,113	1,656,476
Debt Service	102,019	-	-	-	-
<b>Total Expenditures</b>	<b>\$27,659,321</b>	<b>\$26,907,832</b>	<b>\$28,736,446</b>	<b>\$28,215,833</b>	<b>\$28,817,740</b>
Excess (Deficiency) of Revenues					
Over Expenditures	\$ (2,287,005)	\$ (1,659,211)	\$ (4,075,107)	\$ (3,794,156)	\$ (4,284,630)
<b>Other Financing Sources (Uses):</b>					
Proceeds from the Sales of Capital Assets	\$ 77	\$ 219,723	\$ 44,797	\$ 38,152	\$ 5,265
Lease Purchase Proceeds	228,370	339,011	-	-	-
Insurance Proceeds	45,073	41,100	10,288	55,023	99,735
Transfers In	2,564,921	2,431,760	2,431,528	2,214,949	2,534,113
Transfers Out	-	-	-	(201,200)	(349,562)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 2,838,441</b>	<b>\$ 3,031,594</b>	<b>\$ 2,486,613</b>	<b>\$ 2,106,924</b>	<b>\$ 2,289,551</b>
Net Change in Fund Balance	\$ 551,436	\$ 1,372,383	\$ (1,588,494)	\$ (1,687,232)	\$ (1,995,079)
Beginning Fund Balance	5,786,323	4,413,940	6,002,434	7,689,696	9,670,500
Prior Period Adjustment	-	-	-	-	14,275
<b>Ending Fund Balance</b>	<b>\$ 6,337,759</b>	<b>\$ 5,786,323</b>	<b>\$ 4,413,940</b>	<b>\$ 6,002,464</b>	<b>\$ 7,689,696</b>

**TABLE 14 - MUNICIPAL SALES TAX HISTORY**

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Collections and enforcements are effected through the offices of the Comptroller of Public Accounts, State of Texas, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Fiscal Year Ended 9/30	2% Total Collected <sup>(1)</sup>	% of Ad Valorem Tax Levy	Equivalent of Ad Valorem Tax Rate	Per Capita
2010	\$9,531,017	69.63%	\$ 0.3401	\$ 203
2011	9,060,295	65.19%	0.3149	193
2012	9,363,047	65.14%	0.3157	199
2013	9,629,427	66.70%	0.3252	204
2014	4,139,492 <sup>(2)</sup>	28.50%	0.1370	85

(1) Includes the ½ cent sales tax for property tax reduction and ½ cent 4B sales tax described below.

(2) Collections through February 1, 2014.

On November 4, 1997, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for economic development. Collection for the additional tax went into effect on April 1, 1998. The sales tax for economic development is collected solely for the benefit of the City of Bedford Street Improvement Economic Development Corporation (the "Corporation"), and may be pledged to secure payment of sales tax revenue bonds issued by the Corporation. On January 21, 1995, the voters of the City approved the imposition of an additional sales and use tax of one-half of one percent (½ of 1%) for property tax reduction. Collection for the additional tax went into effect on October 1, 1995.

Fiscal Year Ended	Property Tax Reduction Collected	4B Sales Tax Collected
9/30		
2010	\$ 2,382,754	\$ 2,382,754
2011	2,265,074	2,265,074
2012	2,340,762	2,340,762
2013	2,407,357	2,407,357
2014	1,034,873 <sup>(1)</sup>	1,034,873 <sup>(1)</sup>

(1) Collections through February 1, 2014.

The sales tax breakdown for the City is as follows:

	Cents
Property Tax Relief	1/2
Economic and Community Development	1/2
City Sales and Use Tax	1
State Sales and Use Tax	6 1/4
<b>Total</b>	<b>8 1/4</b>

**FINANCIAL POLICIES**

Basis of Accounting . . . The City's accounting records of the governmental fund revenues and expenditures are recognized on the modified accrual basis. Revenues are recognized in the accounting period in which they are available and measurable. Expenditures are recognized in the accounting period in which the fund liability occurred, if measurable, except for unmatured interest on general long-term debt and on special assessment indebtedness secured by interest-bearing special assessment levies, longevity and certain other employees' benefits are recognized when due.

Proprietary Fund revenues and expenses are recognized on the accrual basis. Revenues are recognized in the accounting period in which they are earned and become measurable. Expenses are recognized in the accounting period incurred.

Fiduciary Fund revenues and expenses or expenditures are recognized on the modified accrual basis.

Transfers are recognized in the accounting period in which the interfund receivable and payable arise (see Appendix B - "Excerpts from The City of Bedford, Texas, Comprehensive Annual Financial Report for the Year Ended September 30, 2013").

Reporting Entity . . . Generally accepted accounting principles require that financial statements present the City (the primary government) and its component units. Component units are organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Based on these criteria, the following blended component unit is included in the accompanying financial statements. Blended component units, although legally separate entities, are, in substance, part of the City's operations.

The City of Bedford Street Improvement Economic Development Corporation (the "EDC") is governed by a seven-member board appointed by the City Council. Although it is legally separate from the City, the EDC is reported as a Special Revenue Fund as if it were part of the primary government because its sole purpose is to operate, maintain, and finance the costs of the City's street improvements using taxes collected under Section 4B of the Development Corporation Act of 1979.

Government-Wide Financial Statements . . . The government wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) prepared under GASB 34 report information on all of the nonfiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Fiduciary funds are also excluded from the government-wide financial statements.

The government-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. The primary effect of internal activity has been eliminated from the government-wide financial statements.

The government-wide Statement of Activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues.

Net assets should be reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The net assets restricted for other purposes result from special revenue funds and tile restrictions on their net asset use.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Fund Financial Statements . . . Fund financial statements prepared under GASB 34 report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds . . . All governmental funds are accounted for using modified accrual basis of accounting and the current financial resources measurement focus. Under this basis revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. "Measurable" means that the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers property taxes, ambulance fees and municipal court fines and fees as available if they are collected within 60 days after year-end.

Those revenues susceptible to accrual are property taxes, sales taxes, franchise taxes, special assessments, fines, interest and charges for services. Permits are not susceptible to accrual because generally they are not measurable until received in cash.

The City reports the following major governmental funds:

**General Fund:** The General Fund is the primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds:** The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The blended component unit is reported here.

**Debt Service Fund:** The Debt Service Fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

**Street Capital Projects Fund:** The Street Capital Projects Fund is used to account for construction of improvements to streets, street related drainage and sidewalks.

**Series 2002 Capital Projects Fund:** The Series 2002 Capital Projects Fund is used to account for construction authorized for the General Obligation Series 2002 bond issue.

**Series 2003 Capital Projects Fund:** The Series 2003 Capital Projects Fund is used to account for construction authorized for the General Obligation Series 2003 bond issue.

**Series 2004 Capital Projects Fund:** The Series 2004 Capital Projects Fund is used to account for construction projects authorized for the General Obligation Series 2004 refunding and improvement bond issue.

**Series 2005 Capital Projects Fund:** The Series 2005 Capital Projects Fund is used to account for construction projects authorized for the Tax Note Series 2005 bond issue.

**Series 2007 Capital Projects Fund:** The Series 2007 Capital Projects Fund issued to account for construction projects authorized for the General Obligation Series 2007 and Combination Tax & Revenue Certificates of Obligation Series 2007 bond issues.

Series 2010 Capital Projects Fund: The Series 2010 Capital Projects Fund issued to account for construction projects authorized for the General Obligation Series 2010 and Combination Tax & Revenue Certificates of Obligation Series 2010 bond issues.

Series 2011 Capital Projects Fund: The Series 2011 Capital Projects Fund issued to account for construction projects authorized for the General Obligation Refunding and Improvement Bonds, Series 2011 and Combination Tax & Revenue Certificates of Obligation Series 2011 bond issues.

Series 2012 Capital Projects Fund: The Series 2012 Capital Projects Fund issued to account for construction projects authorized for the Combination Tax & Revenue Certificates of Obligation Series 2012 and Combination Tax & Revenue Certificates of Obligation Series 2012A bond issues.

Series 2013 Capital Projects Fund: The Series 2013 Capital Projects Fund issued to account for construction projects authorized for the General Obligation Refunding and Improvement Bonds, Series 2013 bond issue.

Proprietary Funds . . . All proprietary funds are accounted for under GASB 34 using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses are recognized when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled utility service receivables are recorded at each year-end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenues and expenses. The City's policy is to apply all Financial Accounting Standards Board standards issued after November 30, 1989 to its proprietary funds unless they conflict with GASB guidance.

The City's proprietary funds are:

Water and Sewer Fund: To account for providing water and sewer services to residential and commercial users in the City.

Stormwater Utility Fund: To account for the storm drainage runoff service provided to the residential and commercial users of the City.

Agency Funds...Agency funds are used under GASB 34 to account for assets held in a trustee capacity as an agent for other funds within the City and individuals. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

General Fund Balance . . . The City's policy is to maintain surplus and unencumbered funds equal to 25% of the next fiscal year's operating budget.

Use of Bond Proceeds, Grants, etc . . . The City's policy is to use bond and certificate proceeds, grants, revenue sharing or other non-recurring revenues for capital expenditures only. Such revenues are never to be used to fund City operations.

Budgetary Procedures . . . The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by the middle of May. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15. The City Council shall hold a public hearing on the budget after giving at least 10 days notice of the hearing in the official newspaper of the City. The Council shall then make any changes in the budget as it deems advisable and shall adopt a budget prior to October 1. If the Council fails to adopt a budget then the budget proposed by the City Manager shall deem to have been adopted.

During the fiscal year, strict budgetary control is maintained by various methods, including the review of departmental appropriation balances with purchase requisitions prior to their release to vendors.

Departmental appropriations that have not been expended lapse at the end of the fiscal year. Therefore, funds that were budgeted and not used by the departments during the fiscal year are not available for their use unless appropriated in the ensuing fiscal year's budget.

Fund Investments . . . The City's investment policy parallels state law which governs investment of public funds. The City currently utilizes State of Texas Investment Pools for the bulk of its investments. The Pool investments are restricted to direct obligations of the U.S. Government and its agencies.

## INVESTMENTS

The City invests its investable funds in investments authorized by Texas law and in accordance with investment policies approved by the City Council. Both state law and the City's investment policies are subject to change.

**LEGAL INVESTMENTS . . .** Under Texas law, including specifically the Public Funds Investment Act Texas Government Code, Chapter 2256, as amended, (the "PFIA"), the City is authorized to invest in (1) obligations, including letters of credit, of the United States or its agencies and instrumentalities, (2) direct obligations of the State of Texas or its agencies and instrumentalities, (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States, (4) other obligations, the principal and interest of which are unconditionally guaranteed, insured, or backed by the full faith and credit of the State of Texas or the United States or their respective agencies and instrumentalities, including obligations that are fully guaranteed or insured by the Federal Deposit Insurance Corporation or by the explicit full faith and credit of the United States; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent, (6) bonds issued, assumed, or guaranteed by the State of Israel, (7) certificates of deposit and share certificates (i) issued by a depository institution that has its main office or a branch office in the State of Texas, that are guaranteed or insured by the Federal Deposit Insurance Corporation, its successor, or the National Credit Union Share Insurance Fund, or are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and amount provided by law for City deposits, or (ii) where (a) the funds are invested by an investing entity through a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by the PFIA or a depository institution that has its main office or a branch office in the State of Texas that is selected by the City; (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City; (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the investing entity appoints the depository institution selected under subdivision (a), a custodian as described by Texas Government Code, Section 2257.041(d), or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3); (8) fully collateralized repurchase agreements that have a defined termination date, are fully secured by a combination of cash and obligations described in clause (1) above which are pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City and are placed through a primary government securities dealer or a financial institution doing business in the State of Texas, (9) bankers' acceptances with a stated maturity of 270 days or less from the date of its issuance, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (10) commercial paper that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in the preceding clauses, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent, and (13) public funds investment pools meeting the requirements of the PFIA and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or AAA-m or at an equivalent rating. Texas law also permits the City to invest bond proceeds in a guaranteed investment contract, subject to limitations as set forth in the PFIA.

A political subdivision such as the City may enter into securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) above, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm at not less than A or its equivalent or (c) cash invested in obligations described in clauses (1) through (6) above, clauses (10) through (12) above, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the City, held in the City's name and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years, and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

**INVESTMENT POLICIES . . .** Under Texas law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment, the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except investment pool funds and mutual funds, on a delivery versus payment basis, and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFLA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each fund's investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under Texas law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value and the fully accrued interest during the reporting period of each pooled fund group, (4) the book value and market value of each separately listed asset at the end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

Under State law, the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the City to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio or requires an interpretation of subjective investment standards), and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the Treasurer, chief financial officer and investment officers; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (8) restrict the investment in no-load mutual funds in the aggregate to no more than 15% of the City's monthly average fund balance, excluding bond proceeds and reserves and other funds held for debt service; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements; and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

**TABLE 15 - CURRENT INVESTMENTS**

As of February 1, 2014, the City's investable funds were invested in the following categories:

<u>Description</u>	<u>Percent</u>	<u>Market Value</u>
Banks/CDARS/Money Market	24.84%	\$ 5,354,490
TexSTAR Investment Pool	30.49%	6,573,917
Texas Daily Investment Pool	3.74%	807,004
Certificate of Deposit	39.60%	8,536,467
MBIA	0.94%	202,003
LSIP Lig +	0.39%	83,753
		<u>\$21,557,634</u>

## TAX MATTERS

**TAX EXEMPTION . . .** The delivery of the Obligations is subject to the opinions of Bond Counsel to the effect that interest on the Obligations for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinions (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. Forms of Bond Counsel's opinions are reproduced in Appendix C. The statutes, regulations, rulings, and court decisions on which such opinions are based are subject to change.

Interest on the Obligations owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust (FASIT). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinions, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Obligations pertaining to the use, expenditure, and investment of the proceeds of the Obligations and will assume continuing compliance by the City with the provisions of the Ordinances subsequent to the issuance of the Obligations. The Ordinances contain covenants by the City with respect to, among other matters, the use of the proceeds of the Obligations and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Obligations are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Obligations to be includable in the gross income of the owners thereof from the date of the issuance of the Obligations.

Bond Counsel's opinions are not guarantees of a result, but represent its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinions of Bond Counsel, and Bond Counsel's opinions are not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Obligations is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Obligations would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Obligations, the City may have different or conflicting interests from the owners of the Obligations. Public awareness of any future audit of the Obligations could adversely affect the value and liquidity of the Obligations during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Prospective purchasers of the Obligations should be aware that the ownership of tax-exempt obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to bondholders of the exclusion of interest on the Obligations from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Obligations. Prospective purchasers of the Obligations should consult with their own tax advisors with respect to any proposed or future changes in tax law.

**TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN OBLIGATIONS . . .** The initial public offering price of certain Obligations (the "Discount Obligations") may be less than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Discount Obligation (assuming that a substantial amount of the Discount Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Obligation. A portion of such original issue discount allocable to the holding period of such Discount Obligation by the initial purchaser will, upon the disposition of such Discount Obligation (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Obligations described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Obligation, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Obligation and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Obligation by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Obligation in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Obligation was held) is includable in gross income.

Owners of Discount Obligations should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Obligations. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Obligations may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Obligations (the "Premium Obligations") may be greater than the amount payable on such Obligations at maturity. An amount equal to the difference between the initial public offering price of a Premium Obligation (assuming that a substantial amount of the Premium Obligations of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Obligations. The basis for federal income tax purposes of a Premium Obligation in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Obligation. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Obligations should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Obligations for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Obligations.

**QUALIFIED TAX-EXEMPT OBLIGATIONS FOR FINANCIAL INSTITUTIONS . . .** Section 265 of the Code provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, section 265 of the Code generally disallows 100% of any deduction for interest expense which is incurred by "financial institutions" described in such section and is allocable, as computed in such section, to tax-exempt interest on obligations acquired after August 7, 1986. Section 265(b) of the Code provides an exception to this interest disallowance rule for interest expense allocable to tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) bonds) which are designated by an issuer as "qualified tax-exempt obligations." An issuer may designate obligations as "qualified tax-exempt obligations" only if the amount of the issue of which they are a part, when added to the amount of all other tax-exempt obligations (other than private activity bonds that are not qualified 501(c)(3) obligations and other than certain refunding bonds) issued or reasonably anticipated to be issued by the issuer during the same calendar year, does not exceed \$10,000,000.

The City will designate the Obligations as "qualified tax-exempt obligations" and will certify its expectation that the above-described \$10,000,000 ceiling will not be exceeded. Accordingly, it is anticipated that financial institutions which purchase the Obligations will not be subject to the 100% disallowance of interest expense allocable to interest on the Obligations under section 265(b) of the Code. However, the deduction for interest expense incurred by a financial institution which is allocable to the interest on the Obligations will be reduced by 20% pursuant to section 291 of the Code.

## OTHER INFORMATION

### RATINGS

The Obligations are rated "AA" by S&P. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the respective view of the organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that the rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the company, if in the judgment of company, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Obligations. The City has submitted applications to municipal bond insurance companies to have the payment of the principal and interest on the Obligations insured by a municipal bond insurance policy.

### LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

### REGISTRATION AND QUALIFICATION OF OBLIGATIONS FOR SALE

The sale of the Obligations has not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Obligations have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Obligations been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Obligations under the securities laws of any jurisdiction in which the Obligations may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Obligations shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

### LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code, as amended) provides that the Obligations are negotiable instruments, investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State of Texas. With respect to investment in the Obligations by municipalities or other political subdivisions or public agencies of the State of Texas, the Public Funds Investment Act (PFIA), Chapter 2256, Texas Government Code, requires that the Obligations be assigned a rating of at least "A" or its equivalent as to investment quality by a national rating agency. See "Other Information - Ratings" herein. In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Obligations are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Obligations are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Obligations are legal investments for various institutions in those states.

### LEGAL OPINIONS AND NO-LITIGATION CERTIFICATE

The City will furnish complete transcripts of proceedings had incident to the authorization and issuance of the Obligations, including the unqualified approving legal opinions of the Attorney General of Texas approving the Initial Bond and the Initial Contractual Obligation and to the effect that the Obligations are valid and legally binding obligations of the City, and based upon examination of such transcripts of proceedings, the approving legal opinions of Bond Counsel, to like effect and to the effect that the interest on the Obligations will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "Tax Matters" herein, including the alternative minimum tax on corporations. The customary closing papers, including a certificate to the effect that no litigation of any nature has been filed or is then pending to restrain the issuance and delivery of the Obligations, or which would affect the provision made for their payment or security, or in any manner questioning the validity of said Obligations will also be furnished. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Obligations in the Official Statement to verify that such description conforms to the provisions of the Ordinances. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Obligations is contingent on the sale and delivery of the Obligations. The legal opinions will accompany the Obligations deposited with DTC or will be printed on the Obligations in the event of the discontinuance of the Book-Entry-Only System.

## **AUTHENTICITY OF FINANCIAL DATA AND OTHER INFORMATION**

The financial data and other information contained herein have been obtained from City records, audited financial statements and other sources which are believed to be reliable. There is no guarantee that any of the assumptions or estimates contained herein will be realized. All of the summaries of the statutes, documents and resolutions contained in this Official Statement are made subject to all of the provisions of such statutes, documents and resolutions. These summaries do not purport to be complete statements of such provisions and reference is made to such documents for further information. Reference is made to original documents in all respects.

## **CONTINUING DISCLOSURE OF INFORMATION**

In the Ordinances the City has made the following agreement for the benefit of the holders and beneficial owners of the Obligations. The City is required to observe the agreement while it remains obligated to advance funds to pay such Obligations. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and the timely notice of specified events, to the Municipal Securities Rulemaking Board ("MSRB"). This information will be available free of charge from the MSRB via the Electronic Municipal Market Access ("EMMA") system at [www.emma.msrb.org](http://www.emma.msrb.org).

**ANNUAL REPORTS . . .** The City will provide certain updated financial information and operating data to the MSRB annually. The information to be updated includes all quantitative financial information and operating data with respect to the City of the general type included in this Official Statement under Tables numbered 1 through 6 and 8 through 15 and in Appendix B. The City will update and provide this information within six months after the end of each fiscal year ending in or after 2014.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the Securities and Exchange Commission (the "SEC") as permitted by SEC Rule 15c2-12 (the "Rule"). The updated information will include audited financial statements, if the City commissions an audit and it is completed by the required time. If audited financial statements are not available by the required time, the City will provide unaudited financial information of the type described in the preceding paragraph by the required time and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to State law or regulation.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information by March 31 in each year, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

**NOTICE OF CERTAIN EVENTS . . .** The City will also provide timely notices of certain events to the MSRB. The City will provide notice of any of the following events with respect to the Obligations to the MSRB in a timely manner (but not in excess of ten business days after the occurrence of the event): (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Obligations, or other material events affecting the tax status of the Obligations; (7) modifications to rights of holders of the Obligations, if material; (8) Obligation calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Obligations, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional trustee or the change of name of a trustee, if material. In addition, the City will provide timely notice of any failure by the City to provide annual financial information in accordance with their agreement described above under "Annual Reports".

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

**AVAILABILITY OF INFORMATION . . .** The City has agreed to provide the foregoing information only as described above. Investors will be able to access continuing disclosure information filed with the MSRB free of charge at [www.emma.msrb.org](http://www.emma.msrb.org).

**LIMITATIONS AND AMENDMENTS** . . . The City has agreed to update information and to provide notices of certain specified events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Obligations at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Obligations may seek a writ of mandamus to compel the City to comply with its agreement.

The City's continuing disclosure agreements for the Obligations 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, as so amended, would have permitted an underwriter to purchase or sell the Obligations in the primary offering of such Obligations in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of the Ordinance that authorizes such an amendment) of the outstanding Obligations 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 interest of the registered owners and beneficial owners of such Obligations. The City may also amend or repeal the provisions of the continuing disclosure agreements if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling the Obligations in the primary offering of such Obligations. If the City amends its agreements, it must include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and data provided.

**COMPLIANCE WITH PRIOR UNDERTAKINGS** . . . During the last five years, the City has complied in all material respects with all continuing disclosure agreements made by it in accordance with the Rule.

#### **FINANCIAL ADVISOR**

FirstSouthwest is employed as Financial Advisor to the City in connection with the issuance of the Obligations. The Financial Advisor's fee for services rendered with respect to the sale of the Obligations is contingent upon the issuance and delivery of the Obligations. FirstSouthwest, in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Obligations, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

#### **INITIAL PURCHASER**

After requesting competitive bids for the Bonds, the City accepted the bid of \_\_\_\_\_ (the "Initial Purchaser of the Bonds") to purchase the Bonds at the interest rates shown on the cover page of the Official Statement at a price of par plus a cash premium of \$ \_\_\_\_\_. The Initial Purchaser of the Bonds can give no assurance that any trading market will be developed for the Bonds after their sale by the City to the Initial Purchaser of the Bonds. The City has no control over the price at which the Bonds are subsequently sold and the initial yields at which the Bonds will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Bonds.

After requesting competitive bids for the Contractual Obligation, the City accepted the bid of \_\_\_\_\_ (the "Initial Purchaser") of the Contractual Obligations" and, together with the Initial Purchaser of the Bonds, the "Initial Purchaser") to purchase the Contractual Obligations at the interest rates shown on the page 3 of the Official Statement at a price of par plus a cash premium of \$ \_\_\_\_\_. The Initial Purchaser of the Contractual Obligations can give no assurance that any trading market will be developed for the Contractual Obligations after their sale by the City to the Initial Purchaser of the Contractual Obligations. The City has no control over the price at which the Contractual Obligations are subsequently sold and the initial yields at which the Contractual Obligations will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser of the Contractual Obligations.

#### **FORWARD-LOOKING STATEMENTS DISCLAIMER**

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

#### **CERTIFICATION OF THE OFFICIAL STATEMENT**

At the time of payment for and delivery of the Obligations, the City will furnish the Initial Purchaser a certificate, executed by an authorized representative of the City, acting in such person's representative capacity, to the effect that to the best of such person's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of sale of the Obligations and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

The Ordinances authorizing the issuance of the Obligations will also approve the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorize its further use in the reoffering of the Obligations by the Initial Purchaser.

**JIM GRIFFIN**  
Mayor  
City of Bedford, Texas

ATTEST:

**MICHAEL WELLS**  
City Secretary

**APPENDIX A**

**GENERAL INFORMATION REGARDING THE CITY**

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**LOCATION AND HISTORY . . .** The City of Bedford, Texas (the "City") is located in northeast Tarrant County, encompassing approximately 10.1 square miles with 366 employees. The City is approximately 10 miles northeast of downtown Fort Worth and 25 miles northwest of downtown Dallas. It is a part of the mid-cities area of North Central Texas (the "Metroplex"), which includes the Cities of Dallas and Fort Worth with a total population exceeding 4 million.

The City was incorporated in 1953 under the general laws of the State of Texas and the current charter was approved by the voters in 1966. The City is a home rule city and operates under the Council/Manager form of government. The Council is composed of a mayor and six councilmembers elected at large. All City residents vote for all seven places. The members are elected for three-year staggered terms and elections are held annually.

Policy-making and oversight functions are the responsibility of, and are vested in, the City Council. The City Council is required by the charter to appoint a City Manager to serve as the chief administrative and executive officer of the City. The duties of the City Manager include the appointment of City department heads and the daily conduct of City affairs.

**POPULATION . . .** The City has grown steadily since the mid-1950's when it was a small bedroom community.

Population history is as follows:

<u>Year</u>	<u>Population</u>	<u>Year</u>	<u>Population</u>
1980	20,821	1998	48,300
1981	25,500	1999	48,800
1982	25,750	2000	47,152
1983	28,850	2001	47,309
1984	36,750	2002	47,500
1985	39,316	2003	47,750
1986	40,150	2004	47,850
1987	42,550	2005	48,050
1988	45,000	2006	48,050
1989	45,700	2007	48,600
1990	43,762	2008	45,118
1991	43,875	2009	46,039
1992	44,135	2010	46,979
1993	44,500	2011	46,980
1994	45,300	2012	46,990
1995	45,700	2013	47,310
1996	46,500	2014	48,721
1997	47,850		

**ECONOMICS . . .** The City's location in the middle of the Fort Worth/Dallas Metroplex provides access to approximately 4 million people - the sixth largest market in the United States. Bedford's proximity to the D/FW International Airport allows local businesses to capitalize on trade opportunities gained through the North American Free Trade Agreement (NAFTA).

**MUNICIPAL SERVICES . . .** With active involvement by the Mayor, a six member City Council and 14 citizen boards, commissions and committees, the City is assured proper and effective representation. Low crime statistics are maintained by a police force consisting of 76 police officers. The City has three professionally staffed fire stations which are fully equipped to handle most emergencies; the City utilizes its own mobile intensive care ambulance system, staffed with highly trained paramedics.

**EDUCATION**

Education for the citizens of the City is provided by the Hurst-Euleless-Bedford Independent School District. The District conducts programs for K-12 and is fully accredited by the Southern Association of Colleges and the Texas Education Agency and operates on a middle school structure, i.e. Pre-kindergarten-5, 6-8, and 9-12.

Physical facilities include:

3 high schools	Administration complex	Computer service center
5 junior high schools	Transportation complex	Annex/materials center
20 elementary schools	Stadium	

The City's proximity to Dallas and Fort Worth gives its residents ready access to a number of fine colleges and universities. Seven major colleges and universities are in the Hurst-Euless-Bedford area or nearby:

Texas Christian University	18 miles
University of Texas at Arlington	10 miles
University of North Texas	30 miles
Texas Women's University	30 miles
Texas Wesleyan College	12 miles
Southern Methodist University	20 miles
University of Texas at Dallas	18 miles
Tarrant County College	2 miles

**PARKS AND RECREATION . . .** There are 9 parks, 2 public swimming pools, 4 theaters, 6 tennis courts, 80 restaurants, and 8 hotels/motels in the City. The City is close to Six Flags Over Texas, Ripley's Believe It or Not! Wax Museum, Texas Stadium and the Texas Rangers Baseball Stadium.

**TRANSPORTATION . . .** The City has prime positioning for easy access to major local, regional and national markets. Being just 7.5 miles from the Dallas/Fort Worth International Airport and 9 miles from the Fort Worth Alliance Airport, the City is located in the hub of business activity and is an integral part of the rapidly growing Northeast Tarrant County Area.

The City is strategically positioned on or near five major Interstate Highways. Using Interstate Loop 820, easy access is gained to Interstate 35 (north to Oklahoma and south to Austin, San Antonio and Laredo), Interstate 45 (north to Tulsa and south to Houston), Interstate 20 (west to Midland and El Paso and east to Tyler and Shreveport), and Interstate 30 (east to Texarkana, Little Rock and Memphis). The accessibility factor also includes five rail lines in the Fort Worth area, one of which - St. Louis Southwestern - is located in the City.

**HISTORICAL EMPLOYMENT DATA**

	December 2013	Average Annual 2012	Average Annual 2011	Average Annual 2010	Average Annual 2009
<b>Bedford:</b>					
Civilian Labor Force	30,948	29,940	29,309	28,952	30,103
Unemployed	1,485	1,711	2,031	2,207	2,011
Percent of Unemployed	4.8%	5.7%	6.9%	7.6%	6.7%
<b>Dallas/Fort Worth/Arlington MSA</b>					
Civilian Labor Force	3,433,868	3,339,582	3,286,653	3,242,289	3,157,788
Unemployed	186,017	222,748	256,529	265,611	246,095
Percent of Unemployed	5.4%	6.7%	7.8%	8.2%	7.8%
<b>Tarrant County</b>					
Civilian Labor Force	982,304	953,692	934,168	920,160	896,009
Unemployed	52,334	62,667	73,065	75,882	68,846
Percent of Unemployed	5.3%	6.6%	7.8%	8.2%	7.7%

Source: Texas Employment Commission, Austin, Texas.

Change in calculation methodology by the Texas Employment Commission. Employment figures are computed based on a statewide workforce and is based on local population as a percentage of statewide population.

**MAJOR EMPLOYERS IN THE CITY**

<u>Company</u>	<u>Type of Business</u>	<u>Estimated Number of Employees</u>
Hurst-Euless-Bedford Independent School District	School District	2,500
Harris Methodist Hospital HEB	Hospital	1,600
Carter BloodCare/Blood Systems, Inc.	Blood Testing/Distribution Center	1,100
Wal-Mart Supercenter	Retail Sales	435
Warrantech	Equipment Warranty Company	415
Beryl Companies	Call Center	400
State National Insurance	Financial	400
City of Bedford	City Government	366
Transamerica Insurance	Financial	300
Aystar Television Network	Religious Institution	200
Grubbs Nissan	Auto Dealer	155
Heartland Nursing Home	Health Care	110
Kroger	Retail Grocery	105

**BUILDING PERMIT INFORMATION**

<u>Fiscal Year</u>	<u>Commercial Construction</u>		<u>Residential Construction</u>		<u>Total Value</u>
	<u>Number of Units</u>	<u>Value</u>	<u>Number of Units</u>	<u>Value</u>	
2009	8	\$ 8,502,000	5	\$ 1,287,430	\$ 9,789,430
2010	198	21,674,929	77	4,470,777	26,145,706
2011	57	7,408,944	53	1,903,085	9,312,029
2012	239	37,676,880	624	5,816,034	43,492,914
2013	178	10,440,187	502	9,789,265	20,229,452

Source: City Records.

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**APPENDIX B**

EXCERPTS FROM THE

CITY OF BEDFORD, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2013

The information contained in this Appendix consists of excerpts from the City of Bedford, Texas Annual Financial Report for the Year Ended September 30, 2013, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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## Independent Auditor's Report

The Mayor and City Council  
City of Bedford, Texas  
Bedford, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Bedford, Texas (the City), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2013, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of Matter***

As discussed in *Note 1* to the financial statements, in 2013 the City adopted new accounting guidance, Governmental Accounting Standards Board statement No. 65, *Items Previously Reported as Assets and Liabilities*. Our opinion is not modified with respect to this matter.

***Prior Year Comparative Information***

The financial statements include summarized prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended September 30, 2012, from which the summarized information was derived.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary and pension information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining fund statements and schedules listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

***Other Information***

Our audit was performed for the purpose of forming opinions on the basic financial statements as a whole. The accompanying information in the introductory and statistical sections as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

**BKD, LLP**

Dallas, Texas  
February 21, 2014

**City of Bedford**  
**Management's Discussion and Analysis (Unaudited)**  
**September 30, 2013**

The discussion and analysis of the City of Bedford's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2013. Please read it in conjunction with the accompanying transmittal letter and the City's basic financial statements.

***Financial Highlights***

The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$54,743,996 (net position). Of this amount, \$10,787,362 (unrestricted net position) may be used to meet ongoing obligations to citizens and creditors.

The City's net position decreased \$2,688,147 or 4.68%. The decrease is primarily due to a 14.69% decrease in capital assets, net of depreciation for governmental activities. In the prior year, the governmental activities added \$1,903,983 in capital assets that were offset by an \$8 million depreciation expense. This fiscal year, the capital asset addition is merely \$855,180, which is a decrease of 55.08%, offset by another \$8 million depreciation expense, thus declining the City's net position overall.

As of September 30, 2013, the City's governmental funds reported combined ending fund balances of \$15,421,695, an increase of \$2,500,894 in comparison with the prior fiscal year. Of this amount, \$5,751,658, or 37.3% of the total amount is unassigned.

As of September 30, 2013, the fund balance for the General Fund increased by \$551,436. Total General Fund balance was \$6,337,789. The increase in the General Fund balance was the result of 5.48% increase in the operating transfers in the fund, coupled with the proceeds of a lease purchase that has yet to be expensed. In addition, the operating revenues increased slightly by 0.83%, but were offset by a 2.79% increase in operating expenditures. Therefore, the outliers that mostly contributed to the increase in fund balances are the transfers and lease proceeds.

The City's total debt of \$56,553,872 increased by \$849,861 during the 2012/2013 fiscal year due to the following reasons: the City issued \$4,900,000 in certificates of obligation early in the 2012/2013 fiscal year, refunded \$3,700,000 in redeemable obligations and issued \$1,675,000 in new general obligation bonds at the end of year. This totals \$10,725,000 being added to the total debt, which is offset by \$9,653,509 in obligations being retired. Moreover, the City entered into a lease purchase agreement for \$228,370, which is added to the outstanding debt total by the end of the fiscal year, thus increasing debt from the \$55,704,411 reported in fiscal year 2011/2012.

***Using This Annual Report***

This discussion and analysis serves as an introduction to the City's basic financial statements. This annual report consists of a series of financial statements.

The statement of net position and statement of activities provide information about the activities of the City as a whole and presents a long-term view of the City's finances.

The next section is the fund financial statements. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statements by providing information about the City's most financially significant funds.

This report also includes other supplementary information in addition to the basic financial statements.

### ***Reporting the City as a Whole***

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the City's net position and changes in them. You can think of the City's net position (the difference between assets and deferred outflows, what the citizens own and liabilities and deferred inflows of resources, what the citizens owe) as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as changes in the City's property tax base, and the condition of the City's capital assets (roads, buildings, water and sewer lines) to assess the overall health of the City.

In the statement of net position and the statement of activities, the City is divided into two kinds of activities:

- **Governmental Activities** – Most of the City's basic services are reported here, including the police, fire, street maintenance, parks and recreation and general administration. Property taxes, sales taxes, charges for services and fines/forfeitures finance most of these activities.
- **Business-type Activities** – The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer system, and stormwater facilities are reported here.

### ***Fund Financial Statements***

The fund financial statements provide detailed information about the most significant funds – not the City as a whole. Some funds are required to be established by State law. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain revenues.

The City's two kinds of funds, governmental and proprietary, use different accounting approaches.

## ***Governmental Funds***

Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (of differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations.

## ***Proprietary Funds***

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Generally speaking, a city maintains two different types of proprietary funds to record charges for the full cost of the services it provides whether to outside customers or to other units of the city. These services are reported in either Enterprise Funds or Internal Service Funds.

- **Enterprise Funds** – Are used to report the same function presented as business-type activities in the government-wide financial statements. The City uses Enterprise Funds to account for its water and sewer and stormwater operations.
- **Internal Service Funds** – Are an accounting device used to accumulate costs internally among various functions of the City. The City currently has no operations that qualify as an Internal Service Fund.

## ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources would not be available to support the City's own programs. The City currently has no fiduciary funds.

## ***Major Governmental Funds***

As noted elsewhere in this report, the City uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The focus of governmental funds is to provide information on inflows, outflows and balances of spendable resources. Information such as unassigned fund balance serves as a useful measure of the City's ability to finance unforeseen upcoming obligations. As a measure of the General Fund's liquidity, year ending unassigned fund balance of \$5,751,658 represents 20.25% (approximately 74 days) of next year's budgeted expenditures.

The Debt Service Fund has a total fund balance of \$1,060,593, all of which is reserved for the payment of debt. There was, however, a decrease in fund balance of \$48,076 during the current year, due to tax assessment income levels not reaching total debt service expended from the fund.

The Street Bond Capital Project Fund has a total fund balance of \$1,832,971, all of which is reserved for street projects. There was an increase in fund balance of \$8,947 during the current year, due to interest income.

The Economic Development 4B Fund has a total fund balance of \$1,903,735, all of which is reserved for street infrastructure improvements and maintenance. There was an increase in fund balance of \$402,260 during the current year.

### ***The City as a Whole***

The City's combined net position changed from a year ago, decreasing from \$57,432,143 to \$54,743,996. Looking at the net position and net expenses of governmental and business-type activities separately, different stories emerge. Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

Net position of the City's governmental activities decreased from \$25,156,412, last fiscal year, to \$22,728,556 as of September 30, 2013, or 9.65%. In the business-type activities, the net position also decreased from \$32,275,731 to \$32,015,440, or .81%. The unrestricted net position of the City's governmental activities (the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements) decreased to a negative \$1,057,886. The primary reason for the decrease was due to the implementation of the GASB 65 pronouncement. As stated in "Note 1: New Pronouncements," the City no longer has to record debt issuance cost as a deferred debt expense, which is capitalized and amortized over the life of the debt. As a result, a prior period adjustment was made to remove bond issuance costs of \$1,056,318, resulting in a change in beginning net position. The unrestricted net position of the business-type activities increased from \$7,136,012 to \$11,845,248 as of September 30, 2013, or 65.99%. The primary reason for the increase is in the unrestricted net position of the proprietary funds. The water and sewer fund increased \$4,423,307 or 69.24% and the stormwater fund increased \$285,929 or 38.25% in their unrestricted net positions.

Restricted net position, those restricted mainly for capital projects and debt service increased from \$5,213,292 to \$8,426,186 or 61.63%.

The largest portion of the City's net position (64.9%) reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; therefore, these assets are not available for future spending. Resources needed to repay debt associated with acquisition of these assets must be provided from other sources, since the capital assets themselves cannot be used for this purpose.

**City of Bedford's Net Position**  
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Current	\$ 18,400	\$ 16,722	\$ 15,153	\$ 14,283	\$ 33,553	\$ 31,005
Other noncurrent assets	300	1,357	(300)	(300)	-	1,057
Capital assets	<u>48,371</u>	<u>55,359</u>	<u>38,581</u>	<u>36,142</u>	<u>86,952</u>	<u>91,501</u>
<b>Total assets</b>	<u>67,071</u>	<u>73,438</u>	<u>53,434</u>	<u>50,125</u>	<u>120,505</u>	<u>123,563</u>
Deferred outflows of resources	<u>118</u>	<u>-</u>	<u>47</u>	<u>-</u>	<u>165</u>	<u>-</u>
Current liabilities	8,530	8,991	3,790	4,028	12,320	13,019
Long-term liabilities	<u>35,931</u>	<u>39,291</u>	<u>17,676</u>	<u>13,821</u>	<u>53,607</u>	<u>53,112</u>
<b>Total liabilities</b>	<u>44,461</u>	<u>48,282</u>	<u>21,466</u>	<u>17,849</u>	<u>65,927</u>	<u>66,131</u>
<b>Net position</b>						
Invested in capital assets, net of related debt	14,323	18,908	20,170	25,140	34,493	44,048
Restricted	8,426	5,213	-	-	8,426	5,213
Unrestricted	<u>(21)</u>	<u>1,035</u>	<u>11,845</u>	<u>7,136</u>	<u>11,824</u>	<u>8,171</u>
<b>Total net position</b>	<u>\$ 22,728</u>	<u>\$ 25,156</u>	<u>\$ 32,015</u>	<u>\$ 32,276</u>	<u>\$ 54,743</u>	<u>\$ 57,432</u>

- Governmental Activities** – Net position for Governmental Activities decreased by \$2,427,856. Due to a recent change in accounting principle (GASB 65), the net position is significantly impacted by the removal of the deferred bond issuance costs. In addition, a primary use of revenues (59.26%) relate directly to covering public safety functions. During the year, organizational changes were made that expanded the public safety function to include code compliance and inspections. Public safety (police, fire and EMS) program revenues less direct expenses totaled \$18,871,914 of total governmental activities.
- Business-type Activities** – Revenues of the City's business-type activities totaled \$19,257,971 for the fiscal year ended September 30, 2013. Expenses for these activities were \$16,901,386, resulting in a net gain of \$2,356,585 from operations before transfers. The net position, after interfund transfers, of the business-type activities decreased by \$260,291. This is due primarily to implementation of GASB 65 and increased operating expenses in the Water and Sewer Fund by 11.94% coupled with a 4.74% decline in water and sewer operating revenues.

**City of Bedford's Changes in Net Position  
(In thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 5,187	\$ 5,986	\$ 19,199	\$ 20,207	\$ 24,386	\$ 26,193
Operating grant and contributions	611	599	-	-	611	599
Capital grants and contributions	-	44	-	147	-	191
General revenue						
Property taxes	14,488	13,735	-	-	14,488	13,735
Other taxes	13,870	13,565	-	-	13,870	13,565
Interest and investment earnings	34	26	47	21	81	47
Other general revenues	535	595	11	4	546	599
<b>Total revenues</b>	<b>34,725</b>	<b>34,550</b>	<b>19,257</b>	<b>20,379</b>	<b>53,982</b>	<b>54,929</b>
<b>Expenses</b>						
Public safety	22,829	17,292	-	-	22,829	17,292
Leisure services	3,766	3,691	-	-	3,766	3,691
Community services	2,017	1,986	-	-	2,017	1,986
General government/administration	4,688	4,797	-	-	4,688	4,797
Public services	3,486	8,354	-	-	3,486	8,354
Interest on long-term debt	1,725	2,169	-	-	1,725	2,169
Water and sewer	-	-	15,646	15,112	15,646	15,112
Stormwater	-	-	1,256	1,336	1,256	1,336
<b>Total expenses</b>	<b>38,511</b>	<b>38,289</b>	<b>16,902</b>	<b>16,448</b>	<b>55,413</b>	<b>54,737</b>
<b>Increase in Net Position Before Transfers</b>	<b>(3,786)</b>	<b>(3,739)</b>	<b>2,355</b>	<b>3,931</b>	<b>(1,431)</b>	<b>192</b>
Transfers	2,414	2,377	(2,414)	(2,377)	-	-
<b>Change in Net Position</b>	<b>(1,372)</b>	<b>(1,362)</b>	<b>(59)</b>	<b>1,554</b>	<b>(1,431)</b>	<b>192</b>
<b>Net Position, As Previously Reported*</b>	<b>25,156</b>	<b>26,518</b>	<b>32,276</b>	<b>30,722</b>	<b>57,432</b>	<b>57,240</b>
<b>Change in Accounting Principle</b>	<b>(1,056)</b>	<b>-</b>	<b>(202)</b>	<b>-</b>	<b>(1,258)</b>	<b>-</b>
<b>Net Position, Beginning of Year</b>	<b>24,100</b>	<b>26,518</b>	<b>32,074</b>	<b>30,722</b>	<b>56,174</b>	<b>57,240</b>
<b>Net Position, End of Year</b>	<b>\$ 22,728</b>	<b>\$ 25,156</b>	<b>\$ 32,015</b>	<b>\$ 32,276</b>	<b>\$ 54,743</b>	<b>\$ 57,432</b>

\*Net position as of September 1, 2012 has been restated for the effects of adopting GASB No. 65. The impact of this statement on 2012 is not shown.

### **General Fund Budgetary Highlights**

Actual revenues exceeded budgetary expectations by \$1,030,205 and actual expenditures were \$243,170 less than budgetary projections. This combination of these instances resulted in a positive variance of \$787,035, which has helped contribute to the increase in fund balance. This is primarily related to tax revenues, along with other major revenue categories, exceeding budgetary expectations. Therefore, because of the positive variance, the General Fund finished the fiscal year with a \$551,436 net increase in fund balance.

## The City's Funds

The following tables present a summary of General, Special Revenue, Capital Projects and Debt Service Fund revenues and expenditures for the fiscal year ended September 30, 2013, and the amount and percentage of increases and decreases in relation to the prior year:

	General Revenues (in thousands)				
	2012	2013	2013 Percent of Total	Increase (Decrease) from 2012	Percent Increase (Decrease)
Taxes	\$ 27,951	\$ 28,279	82%	\$ 328	1%
Licenses and permits	864	457	1%	(407)	-47%
Charges for services	2,822	3,097	9%	275	10%
Fines and forfeitures	2,079	1,503	4%	(576)	-28%
Intergovernmental	655	661	2%	6	1%
Interest	26	34	0%	8	31%
Miscellaneous	558	623	2%	65	12%
<b>Total</b>	<b>\$ 34,955</b>	<b>\$ 34,654</b>	<b>100%</b>	<b>\$ (301)</b>	<b>-20%</b>

	General Expenditures (in thousands)				
	2012	2013	2013 Percent of Total	Increase (Decrease) from 2012	Percent Increase (Decrease)
General government	\$ 1,575	\$ 1,628	5%	\$ 53	3%
Community services	1,913	1,953	5%	40	2%
Public services	2,708	2,458	7%	(250)	-9%
Administrative services	2,082	1,947	5%	(135)	-6%
Public safety	16,127	16,798	46%	671	4%
Leisure services	3,662	3,752	10%	90	2%
Capital outlay	2,281	1,244	3%	(1,037)	-45%
Debt service	7,108	6,829	19%	(279)	-4%
<b>Total</b>	<b>\$ 37,456</b>	<b>\$ 36,609</b>	<b>100%</b>	<b>\$ (847)</b>	<b>-53%</b>

## Capital Asset and Debt Administration

### Capital Assets

As of September 30, 2013, the City had \$253,346,734 invested in capital assets including police and fire equipment, buildings, park facilities, roads, water, sewer, and stormwater facilities. This represents net increase of \$4,869,116 or 1.96% over last year. Capital assets net of depreciation decreased by approximately \$4,548,941 or 4.97%.

The City's capital plans for fiscal year 2014/2015 call for expenditures of approximately \$2.8 million for capital projects, primarily in the following categories: street improvements, drainage, and water and sewer distribution system and facilities. The estimated capital expenditure for street improvements is no more than \$50,000 to complete road and ramp improvements at several intersections throughout the City. The most significant capital improvement project tied to streets is a mill and overlay project for Bedford Road. However, this project will not take effect until the following year. The drainage projects are estimated at \$1,000,000 for channel improvements and erosion control throughout areas of the City in need of major enhancements to improve downstream water flow. Finally, the estimated capital improvement for water and sewer projects is \$1,775,000. The most notable of these projects are water main replacements for both Shady Brook and FM 157 totaling \$650,000. On the sewer side, the most notable projects include replacing trunk sewer lines along Pipeline Road and Bear Creek, totaling \$850,000. Additional information on capital asset activity can be found in *Note 7* of this report.

**Capital Assets at Year-end  
(in thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
Land	\$ 7,261	\$ 7,511	\$ 100	\$ 103	\$ 7,361	\$ 7,614
Buildings and structures	25,256	25,256	519	519	25,775	25,775
Other improvements	122,956	122,852	-	-	122,956	122,852
Equipment	26,419	25,668	3,307	3,204	29,726	28,872
Utility distribution	-	-	61,462	59,851	61,462	59,851
Construction in progress	603	350	5,464	3,164	6,067	3,514
<b>Total</b>	<b>\$ 182,495</b>	<b>\$ 181,637</b>	<b>\$ 70,852</b>	<b>\$ 66,841</b>	<b>\$ 253,347</b>	<b>\$ 248,478</b>

**Debt**

At year-end, the City had \$56,553,872 in General Obligation Bonds, Combination Tax and Revenue Certificates of Obligation, and capital lease obligations compared to \$55,704,011 at the end of the prior fiscal year, an increase of 1.53%. The City issued debt in fiscal year 2012/2013, partially offset by the retirement of such debt as well, thus rendering a slight increase in outstanding debt when compared to fiscal year ending 2011/2012.

**Outstanding Debt at Year-end  
(in thousands)**

	Governmental Activities		Business-type Activities		Totals	
	2013	2012	2013	2012	2013	2012
General obligations	\$ 37,800	\$ 41,023	\$ -	\$ -	\$ 37,800	\$ 41,023
Certificates of obligation	-	-	18,275	14,342	18,275	14,342
Tax notes	-	-	-	-	-	-
Capital lease	479	339	-	-	479	339
<b>Total</b>	<b>\$ 38,279</b>	<b>\$ 41,362</b>	<b>\$ 18,275</b>	<b>\$ 14,342</b>	<b>\$ 56,554</b>	<b>\$ 55,704</b>

Standard and Poor's (S&P) affirmed the City of Bedford's "AA" rating in conjunction with the City's issuance of the Series 2013 Refunding and Improvement General Obligation bonds. The City's rating outlook from S&P's is "Stable." S&P's rating reflects their view of the City's strong wealth and income levels, its historically strong financial performance and reserves, and its moderate debt burden. The General Obligation bonds are secured by an ad valorem tax levied against all taxable property within the City, within the limits prescribed by law. The Certificates of Obligation are also secured by a limited pledge of net revenues of the City's water and sewer system. Additional information regarding the City's long-term debt can be found in *Note 8* of this report.

### ***Economic Factors and Next Year's Budgets and Rates***

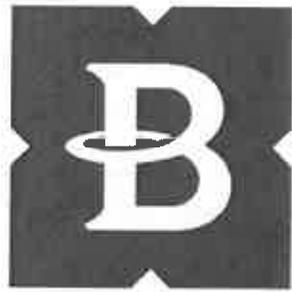
Continued strength in sales tax collections and a moderate increase in property tax values enabled the City Council to slightly reduce the property tax rate from the budget year of 2012 to 2014 at a rate of \$0.499115 per \$100 assessed valuation. The tax rate provides the City with the ability to continue to provide the high level quality of services the citizens of Bedford deserve and have come to expect, while providing for merit based increases to employee compensation and benefits.

In budget year 2013, the City Council also was able to fund one-time capital purchases that benefitted several departments. They funded a new medic unit, a vehicle lift, cargo van and a battalion chief vehicle. In addition, the City Council was able to fund additional personnel in marketing, fire inspections and the library, plus adding funds for a new code enforcement initiative.

Moreover, staff evaluated the water and sewer infrastructure as well as the wholesale services provided by the TRA and determined that an increase in rates was necessary. The primary reason was to build up the utility fund's working capital to functioning levels that will be used to invest in the City's water and sewer infrastructure without issuing additional debt. There will be continued need to re-evaluate the rate structure as the City moves towards more conservation measures to preserve its water resources.

### ***Contacting The City's Financial Management***

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Finance Division at 2000 Forest Ridge Drive, Bedford, Texas 76021.



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## **Basic Financial Statements**

**City of Bedford, Texas**  
**Statement of Net Position**  
**September 30, 2013 (with Comparative Totals for 2012)**

	Primary Government		Totals	
	Governmental Activities	Business-type Activities	2013	2012
<b>Assets</b>				
Current assets				
Cash and cash equivalents	\$ 9,252,798	\$ 7,852,119	\$ 17,104,917	\$ 12,825,600
Investments	5,132,091	-	5,132,091	5,148,671
Receivables (net of allowance)	3,926,347	3,236,509	7,162,856	8,464,217
Internal balances	(39,220)	39,220	-	-
Due from other governments	99,423	-	99,423	76,593
Inventories and prepaid expenses	29,164	-	29,164	125,719
Restricted assets				
Investments	-	4,024,402	4,024,402	4,364,114
<b>Total current assets</b>	<b>18,400,603</b>	<b>15,152,250</b>	<b>33,552,853</b>	<b>31,004,914</b>
Noncurrent assets				
Internal balances	300,000	(300,000)	-	-
Bond issuance costs, net	-	-	-	1,056,318
Capital assets, not being depreciated	7,864,404	5,564,180	13,428,584	11,166,215
Capital assets, being depreciated, net	40,506,669	33,017,027	73,523,696	80,335,006
<b>Total noncurrent assets</b>	<b>48,671,073</b>	<b>38,281,207</b>	<b>86,952,280</b>	<b>92,557,539</b>
<b>Total assets</b>	<b>67,071,676</b>	<b>53,433,457</b>	<b>120,505,133</b>	<b>123,562,453</b>
<b>Deferred Outflows of Resources</b>				
Deferred charge on refunding	117,977	47,456	165,433	-
<b>Total deferred outflows of resources</b>	<b>117,977</b>	<b>47,456</b>	<b>165,433</b>	<b>-</b>
<b>Liabilities</b>				
Current liabilities				
Accounts payable and accrued liabilities	1,646,433	1,936,868	3,583,301	4,023,689
Due to other governments	205,189	-	205,189	236,440
Escrow and unearned revenue	413,646	2,041	415,687	1,331,793
Customer deposits	-	851,164	851,164	828,669
Current portion of compensated absences	843,118	47,861	890,979	812,243
Current portion of long-term debt	5,421,370	951,993	6,373,363	5,785,583
<b>Total current liabilities</b>	<b>8,529,756</b>	<b>3,789,927</b>	<b>12,319,683</b>	<b>13,018,417</b>
Noncurrent liabilities				
Bonds payable	33,652,190	17,459,022	51,111,212	50,913,269
Capital leases	395,817	-	395,817	287,882
Compensated absences	1,686,236	95,722	1,781,958	1,624,507
Other post-employment benefits	197,098	120,802	317,900	286,235
<b>Total noncurrent liabilities</b>	<b>35,931,341</b>	<b>17,675,546</b>	<b>53,606,887</b>	<b>53,111,893</b>
<b>Total liabilities</b>	<b>44,461,097</b>	<b>21,465,473</b>	<b>65,926,570</b>	<b>66,130,310</b>
<b>Net Position</b>				
Net investment in capital assets	14,323,066	20,170,192	34,493,258	44,047,834
Restricted for				
Capital acquisition and construction	3,863,289	-	3,863,289	1,373,283
Debt service	1,060,593	-	1,060,593	1,108,669
Economic development	1,903,735	-	1,903,735	1,501,475
Other purposes	1,073,199	-	1,073,199	866,207
Public safety	476,461	-	476,461	308,698
Parks and beautification	48,909	-	48,909	54,960
Unrestricted	(20,696)	11,845,248	11,824,552	8,171,017
<b>Total net position</b>	<b>\$ 22,728,556</b>	<b>\$ 32,015,440</b>	<b>\$ 54,743,996</b>	<b>\$ 57,432,143</b>

**City of Bedford, Texas**  
**Statement of Activities**  
**Year Ended September 30, 2013 (with Comparative Totals for 2012)**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities				
General government and administration	\$ 4,688,432	\$ 76,647	\$ 6,254	\$ -
Community services	2,017,011	358,167	-	-
Public services	3,486,148	218,646	-	-
Public safety	22,828,761	3,374,638	582,209	-
Leisure services	3,765,867	1,158,956	22,140	-
Interest expense	1,724,511	-	-	-
Total governmental activities	<u>38,510,730</u>	<u>5,187,054</u>	<u>610,603</u>	<u>-</u>
Business-type activities				
Water and sewer services	15,645,261	17,908,621	-	-
Stormwater collection and disposal	1,256,126	1,290,624	-	-
Total business-type activities	<u>16,901,387</u>	<u>19,199,245</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 55,412,117</u>	<u>\$ 24,386,299</u>	<u>\$ 610,603</u>	<u>\$ -</u>

**General Revenues**

Taxes
Property taxes, penalty and interest
Sales
Franchise
Occupancy
Other
Investment income (loss)
Gain on sale of assets
Miscellaneous
Transfers
Total general revenues, special item and transfers

**Change in Net Position**

**Net Position, As Previously Reported**

**Change in Accounting Principle**

**Net Position, Beginning of Year**

**Net Position, End of Year**

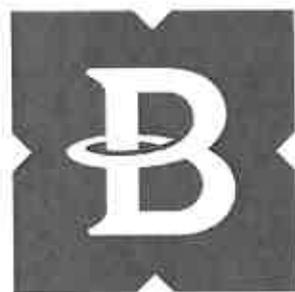
<b>Net (Expense) Revenue and Changes in Net Position</b>			
<b>Primary Government</b>		<b>Totals</b>	
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>2013</b>	<b>2012</b>
\$ (4,605,531)	\$ -	\$ (4,605,531)	\$ (4,709,352)
(1,658,844)	-	(1,658,844)	(1,333,747)
(3,267,502)	-	(3,267,502)	(6,666,844)
(18,871,914)	-	(18,871,914)	(14,298,821)
(2,584,771)	-	(2,584,771)	(2,482,104)
(1,724,511)	-	(1,724,511)	(2,169,120)
<u>(32,713,073)</u>	<u>-</u>	<u>(32,713,073)</u>	<u>(31,659,988)</u>
-	2,263,360	2,263,360	3,950,245
-	34,498	34,498	(44,510)
-	2,297,858	2,297,858	3,905,735
<u>\$ (32,713,073)</u>	<u>\$ 2,297,858</u>	<u>\$ (30,415,215)</u>	<u>\$ (27,754,253)</u>
\$ 14,488,399	\$ -	\$ 14,488,399	\$ 13,735,255
9,629,427	-	9,629,427	9,363,047
3,338,307	-	3,338,307	3,325,941
749,612	-	749,612	723,745
152,344	-	152,344	152,093
33,521	47,321	80,842	47,510
77	11,406	11,483	223,457
535,397	-	535,397	374,992
2,414,451	(2,414,451)	-	-
<u>31,341,535</u>	<u>(2,355,724)</u>	<u>28,985,811</u>	<u>27,946,040</u>
(1,371,538)	(57,866)	(1,429,404)	191,787
25,156,412	32,275,731	57,432,143	57,240,356
<u>(1,056,318)</u>	<u>(202,425)</u>	<u>(1,258,743)</u>	<u>-</u>
<u>24,100,094</u>	<u>32,073,306</u>	<u>56,173,400</u>	<u>57,240,356</u>
<u>\$ 22,728,556</u>	<u>\$ 32,015,440</u>	<u>\$ 54,743,996</u>	<u>\$ 57,432,143</u>

**City of Bedford, Texas**  
**Balance Sheet – Governmental Funds**  
**September 30, 2013 (with Comparative Totals for 2012)**

	General	Debt Service	Street Bond
<b>Assets</b>			
Cash and cash equivalents	\$ 3,427,322	\$ 3,573	\$ 844,248
Investments	1,650,176	1,068,242	1,402,555
Receivables			
Taxes, less allowance for uncollectible	2,255,372	103,423	-
Accounts	420,815	-	-
Other	17,493	-	345,792
Due from other governments	99,423	-	-
Due from other funds	28,597	-	-
Inventories and prepaid expenditures	29,164	-	-
Advances to other funds	300,000	-	-
	<u>8,228,362</u>	<u>1,175,238</u>	<u>2,592,595</u>
<b>Total assets</b>	<b>\$ 8,228,362</b>	<b>\$ 1,175,238</b>	<b>\$ 2,592,595</b>
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>			
<b>Liabilities</b>			
Accounts and contracts payable	\$ 1,407,107	\$ 17,853	\$ -
Due to other funds	31,300	-	-
Escrow	59,739	-	413,646
Deferred revenue	-	-	-
	<u>1,498,146</u>	<u>17,853</u>	<u>413,646</u>
<b>Total liabilities</b>	<b>1,498,146</b>	<b>17,853</b>	<b>413,646</b>
Deferred inflows of resources	<u>392,427</u>	<u>96,792</u>	<u>345,978</u>
<b>Fund balances</b>			
<b>Nonspendable</b>			
Advances to other funds	328,597	-	-
Inventories and prepaids	29,164	-	-
<b>Restricted for</b>			
Debt service	-	1,060,593	-
Road improvements	-	-	1,832,971
Capital acquisition and construction	-	-	-
Economic development	-	-	-
Public safety	228,370	-	-
Parks and beautification	-	-	-
Other	-	-	-
Assigned	-	-	-
Unassigned	5,751,658	-	-
	<u>6,337,789</u>	<u>1,060,593</u>	<u>1,832,971</u>
<b>Total fund balances</b>	<b>6,337,789</b>	<b>1,060,593</b>	<b>1,832,971</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 8,228,362</b>	<b>\$ 1,175,238</b>	<b>\$ 2,592,595</b>

See Notes to Financial Statements

Economic Development 4B	Nonmajor Government	Totals	
		2013	2012
\$ 1,057,520	\$ 3,920,135	\$ 9,252,798	\$ 6,631,904
502,906	508,212	5,132,091	5,148,671
415,157	43,612	2,817,564	2,860,570
294	-	421,109	1,201,525
-	496	363,781	455,438
-	-	99,423	76,593
-	200	28,797	1,367
-	-	29,164	58,917
-	-	300,000	300,000
<u>\$ 1,975,877</u>	<u>\$ 4,472,655</u>	<u>\$ 18,444,727</u>	<u>\$ 16,734,985</u>
\$ 72,142	\$ 149,331	\$ 1,646,433	\$ 1,652,425
-	36,717	68,017	36,713
-	-	473,385	413,646
-	-	-	1,711,400
<u>72,142</u>	<u>186,048</u>	<u>2,187,835</u>	<u>3,814,184</u>
-	-	835,197	-
-	-	328,597	301,367
-	-	29,164	58,917
-	-	1,060,593	1,108,669
-	-	1,832,971	1,824,024
-	3,274,169	3,274,169	1,830,699
1,903,735	-	1,903,735	1,501,475
-	248,091	476,461	308,698
-	48,909	48,909	54,960
-	715,438	715,438	505,923
-	-	-	661,539
-	-	5,751,658	4,764,530
<u>1,903,735</u>	<u>4,286,607</u>	<u>15,421,695</u>	<u>12,920,801</u>
<u>\$ 1,975,877</u>	<u>\$ 4,472,655</u>	<u>\$ 18,444,727</u>	<u>\$ 16,734,985</u>



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**City of Bedford, Texas**  
**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**September 30, 2013**

Fund balances of governmental funds		\$ 15,421,695
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets (net of accumulated depreciation) used in governmental activities are not current financial resources and therefore are not reported as assets in the governmental funds. Capital assets are reported in the government-wide financial statements, net of accumulated depreciation.		48,371,073
Interest payable on long-term debt does not require current financial resources, therefore interest payable is not reported as a liability in the governmental funds balance sheet.		(205,189)
Revenues earned but not available within 60 days of the year-end are not recognized as revenue on the fund financial statements.		894,936
Receivables not measureable and available within 60 days of year-end, and therefore are entirely deferred in the fund financial statements.		323,893
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the fund financial statements. Long-term liabilities at year-end consist of:		
General obligation bonds	37,800,000	
Premiums on bond debt	1,190,505	
Deferred outflows of resources	(117,977)	
Compensated absences	2,529,354	
OPEB liability	197,098	
Capital leases	478,872	
	(42,077,852)	
Total net position of governmental activities		\$ 22,728,556

**City of Bedford, Texas**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance – Governmental Funds**  
**Year Ended September 30, 2013 (with Comparative Totals for 2012)**

	General	Debt Service	Street Bond
<b>Revenues</b>			
Taxes, penalty and interest	\$ 19,890,570	\$ 5,231,317	\$ -
Licenses and permits	456,761	-	-
Charges for services	2,731,965	-	-
Fines and forfeitures	1,239,093	-	-
Support from governmental entities	538,583	-	-
Interest	9,437	5,237	8,947
Miscellaneous	505,907	38,059	-
<b>Total revenues</b>	<b>25,372,316</b>	<b>5,274,613</b>	<b>8,947</b>
<b>Expenditures</b>			
<b>Current</b>			
General governmental	1,624,114	-	-
Community services	1,072,592	-	-
Public services	1,731,604	-	-
Administrative services	1,894,340	-	-
Public safety	16,797,850	-	-
Leisure services	3,744,074	-	-
Capital outlay	692,728	-	-
<b>Debt service</b>			
Principal retirement	88,509	4,978,379	-
Interest and fiscal agent fees	13,510	1,676,105	-
Bond issuance costs	-	72,818	-
<b>Total expenditures</b>	<b>27,659,321</b>	<b>6,727,302</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues</b>	<b>(2,287,005)</b>	<b>(1,452,689)</b>	<b>8,947</b>
<b>Other Expenditures</b>	<b>(2,287,005)</b>	<b>(1,452,689)</b>	<b>8,947</b>
<b>Other Financing Sources (Uses)</b>			
Transfers in	2,564,921	1,331,795	-
Transfers out	-	-	-
Issuance of debt	-	3,700,000	-
Premium on debt	-	55,085	-
Payment to refunded bond escrow agent	-	(3,682,267)	-
Lease purchase proceeds	228,370	-	-
Sale of capital assets	77	-	-
Insurance proceeds	45,073	-	-
<b>Total other financing sources (uses)</b>	<b>2,838,441</b>	<b>1,404,613</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>551,436</b>	<b>(48,076)</b>	<b>8,947</b>
<b>Fund Balances, Beginning of Year</b>	<b>5,786,353</b>	<b>1,108,669</b>	<b>1,824,024</b>
<b>Fund Balances, End of Year</b>	<b>\$ 6,337,789</b>	<b>\$ 1,060,593</b>	<b>\$ 1,832,971</b>

See Notes to Financial Statements

	Economic Development 4B	Nonmajor Governmental	Totals	
			2013	2012
\$	2,407,357	\$ 749,612	\$ 28,278,856	\$ 27,950,618
	-	-	456,761	863,709
	-	365,472	3,097,437	2,822,239
	-	263,644	1,502,737	2,078,895
	-	122,830	661,413	654,732
	4,291	5,609	33,521	26,459
	-	78,853	622,819	557,599
	<u>2,411,648</u>	<u>1,586,020</u>	<u>34,653,544</u>	<u>34,954,251</u>
		3,820	1,627,934	1,574,751
	-	880,822	1,953,414	1,912,686
	464,140	262,204	2,457,948	2,708,419
	-	52,193	1,946,533	2,081,900
	-	-	16,797,850	16,126,751
	-	7,514	3,751,588	3,661,546
	156,832	394,291	1,243,851	2,281,440
	-	-	5,066,888	5,186,621
	-	-	1,689,615	1,921,115
	-	-	72,818	-
	<u>620,972</u>	<u>1,600,844</u>	<u>36,608,439</u>	<u>37,455,229</u>
	<u>1,790,676</u>	<u>(14,824)</u>	<u>(1,954,895)</u>	<u>(2,500,978)</u>
	-	-	3,896,716	3,863,681
	(1,388,416)	(93,849)	(1,482,265)	(1,487,017)
	-	1,675,000	5,375,000	-
	-	20,000	75,085	-
	-	-	(3,682,267)	-
	-	-	228,370	339,011
	-	-	77	219,723
	-	-	45,073	41,100
	<u>(1,388,416)</u>	<u>1,601,151</u>	<u>4,455,789</u>	<u>2,976,498</u>
	402,260	1,586,327	2,500,894	475,520
	<u>1,501,475</u>	<u>2,700,280</u>	<u>12,920,801</u>	<u>12,445,281</u>
\$	<u>1,903,735</u>	<u>\$ 4,286,607</u>	<u>\$ 15,421,695</u>	<u>\$ 12,920,801</u>

**City of Bedford, Texas**  
**Reconciliation of the Statement of Revenues, Expenditures and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended September 30, 2013**

Net change in fund balances – total governmental funds		\$ 2,500,894
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital assets recorded in the current period.		1,243,851
Depreciation expense on capital assets is reported in the statement of activities but does not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditures in the governmental funds.		(7,846,705)
Current year principal payments of long-term liabilities are shown as expenditures in the fund financial statements, but shown as reductions in long-term liabilities in the government-wide financial statements as follows:		
General and certificates of obligation bonds		8,686,888
The issuance of long-term debt, such as bonds and capital leases, are shown as “Other Sources” and “Other Uses” in the governmental funds, but are shown on the statement of net assets with related costs amortized over the life of the bonds. Differences consist of the following:		
Issuance of debt	(5,375,000)	
Premium on debt issuance	(75,085)	
Deferred loss on refunding	62,267	
Capital lease	(228,370)	
Capital lease payments	37,380	
Amortization of refunding loss	(6,190)	
Amortization of bond premium/discount	149,739	(5,435,259)
Current year change in long-term liability for compensated absences and OPEB liability do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		(190,064)
Current year changes in accrued interest payable do not require the use of current financial resources; therefore, are not reported as expenditures in governmental funds.		31,251
Certain revenues in the government-wide statement of activities that do not provide current financial resources are not reported as revenue in the governmental funds. This is the net change in these revenues for the year.		(612,394)
Change in net position of governmental activities		\$ (1,371,538)

**City of Bedford, Texas**  
**Statement of Net Position**  
**Proprietary Funds**  
**September 30, 2013 (with Comparative Totals for 2012)**

	Water and Sewer	Stormwater Utility	Totals	
			2013	2012
<b>Assets</b>				
<b>Current Assets</b>				
Cash and cash equivalents	\$ 6,995,912	\$ 856,207	\$ 7,852,119	\$ 6,193,696
Accounts receivable less allowance for uncollectible of \$313,127	3,040,514	195,995	3,236,509	3,487,168
Prepays and inventories	-	-	-	66,802
Due from other funds	40,591	-	40,591	35,346
Deferred charges	-	-	-	135,623
Restricted assets – investments	3,396,147	628,255	4,024,402	4,364,114
<b>Total current assets</b>	<b>13,473,164</b>	<b>1,680,457</b>	<b>15,153,621</b>	<b>14,282,749</b>
<b>Property, plant and equipment</b>				
Land	100,255	-	100,255	102,755
Buildings and improvements	518,600	-	518,600	518,600
Utility distribution	52,961,192	11,807,275	64,768,467	63,054,973
Construction in progress	2,821,368	2,642,557	5,463,925	3,164,263
<b>Total property, plant and equipment</b>	<b>56,401,415</b>	<b>14,449,832</b>	<b>70,851,247</b>	<b>66,840,591</b>
<b>Less accumulated depreciation and amortization</b>	<b>(26,142,561)</b>	<b>(6,127,479)</b>	<b>(32,270,040)</b>	<b>(30,698,689)</b>
<b>Total long-term assets</b>	<b>30,258,854</b>	<b>8,322,353</b>	<b>38,581,207</b>	<b>36,141,902</b>
<b>Total assets</b>	<b>43,732,018</b>	<b>10,002,810</b>	<b>53,734,828</b>	<b>50,424,651</b>
<b>Deferred Outflows of Resources</b>	<b>47,456</b>	<b>-</b>	<b>47,456</b>	<b>-</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts payable and accrued liabilities	1,617,750	319,118	1,936,868	2,371,264
Compensated absences	44,968	2,893	47,861	39,031
Deferred revenue	-	2,041	2,041	2,041
Due to other funds	-	1,371	1,371	-
Advances from other funds	-	300,000	300,000	300,000
Current maturities of bonds	816,993	135,000	951,993	786,558
Customer deposits	851,164	-	851,164	828,669
<b>Total current liabilities</b>	<b>3,330,875</b>	<b>760,423</b>	<b>4,091,298</b>	<b>4,327,563</b>
<b>Long-term liabilities</b>				
Compensated absences	89,935	5,787	95,722	78,061
Bonds payable	14,383,701	3,075,321	17,459,022	13,634,527
Other post-employment benefits	104,951	15,851	120,802	108,769
<b>Total long-term liabilities</b>	<b>14,578,587</b>	<b>3,096,959</b>	<b>17,675,546</b>	<b>13,821,357</b>
<b>Total liabilities</b>	<b>17,909,462</b>	<b>3,857,382</b>	<b>21,766,844</b>	<b>18,148,920</b>
<b>Net Position</b>				
Net investment in capital assets	15,058,160	5,112,032	20,170,192	25,139,719
Unrestricted	10,811,852	1,033,396	11,845,248	7,136,012
<b>Total net position</b>	<b>\$ 25,870,012</b>	<b>\$ 6,145,428</b>	<b>\$ 32,015,440</b>	<b>\$ 32,275,731</b>

**City of Bedford, Texas**  
**Statement of Revenues, Expenses and**  
**Changes in Fund Net Position – Proprietary Funds**  
**Year Ended September 30, 2013 (with Comparative Totals for 2012)**

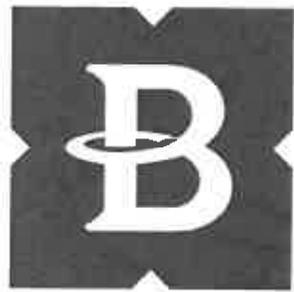
	Water and Sewer	Stormwater Utility	Totals	
			2013	2012
<b>Operating Revenues</b>				
Water sales	\$ 11,739,641	\$ -	\$ 11,739,641	\$ 12,185,112
Charges for sewer services	5,930,354	-	5,930,354	5,995,840
Stormwater charges	-	1,260,624	1,260,624	1,261,856
Other	238,626	30,000	268,626	764,183
<b>Total operating revenues</b>	<b>17,908,621</b>	<b>1,290,624</b>	<b>19,199,245</b>	<b>20,206,991</b>
<b>Operating Expenses</b>				
Water supply and distribution	8,116,217	-	8,116,217	7,914,658
Wastewater collection and disposal	3,960,054	-	3,960,054	3,837,162
Billing and collection	1,218,968	880,496	2,099,464	2,133,813
Public services/engineering	605,250	-	605,250	566,978
Depreciation and amortization	1,309,435	261,917	1,571,352	1,522,888
<b>Total operating expenses</b>	<b>15,209,924</b>	<b>1,142,413</b>	<b>16,352,337</b>	<b>15,975,499</b>
<b>Operating Income</b>	<b>2,698,697</b>	<b>148,211</b>	<b>2,846,908</b>	<b>4,231,492</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	42,245	5,076	47,321	21,051
Gain on sale of capital assets	11,406	-	11,406	3,734
Interest expense and fiscal agent charges	(435,337)	(113,713)	(549,050)	(473,117)
<b>Total nonoperating revenues (expenses)</b>	<b>(381,686)</b>	<b>(108,637)</b>	<b>(490,323)</b>	<b>(448,332)</b>
<b>Income Before Transfers</b>	<b>2,317,011</b>	<b>39,574</b>	<b>2,356,585</b>	<b>3,783,160</b>
<b>Capital Contributions</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>147,360</b>
<b>Transfers In</b>	<b>237,470</b>	<b>-</b>	<b>237,470</b>	<b>112,945</b>
<b>Transfers Out</b>	<b>(2,205,526)</b>	<b>(446,395)</b>	<b>(2,651,921)</b>	<b>(2,489,609)</b>
<b>Change in Net Position</b>	<b>348,955</b>	<b>(406,821)</b>	<b>(57,866)</b>	<b>1,553,856</b>
<b>Total Net Position, As Previously Reported</b>	<b>25,656,680</b>	<b>6,619,051</b>	<b>32,275,731</b>	<b>30,721,875</b>
<b>Change in Accounting Principle</b>	<b>(135,623)</b>	<b>(66,802)</b>	<b>(202,425)</b>	<b>-</b>
<b>Total Net Position, Beginning of Year</b>	<b>25,521,057</b>	<b>6,552,249</b>	<b>32,073,306</b>	<b>30,721,875</b>
<b>Total Net Position, End of Year</b>	<b>\$ 25,870,012</b>	<b>\$ 6,145,428</b>	<b>\$ 32,015,440</b>	<b>\$ 32,275,731</b>

**City of Bedford, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended September 30, 2013 (with Comparative Totals for 2012)**

	Water and Sewer	Stormwater Utility	Totals	
			2013	2012
<b>Operating Activities</b>				
Receipts from customers and users	\$ 18,174,071	\$ 1,298,328	\$ 19,472,399	\$ 20,426,049
Receipts from other funds	(40,591)	35,346	(5,245)	(35,346)
Payments to suppliers	(12,215,792)	(650,585)	(12,866,377)	(10,970,572)
Payments to employees	(2,072,435)	(267,739)	(2,340,174)	(2,393,446)
Net cash provided by operating activities	<u>3,845,253</u>	<u>415,350</u>	<u>4,260,603</u>	<u>7,026,685</u>
<b>Noncapital Financing Activities</b>				
Transfers in	237,470	-	237,470	112,945
Transfers out	(2,205,526)	(445,024)	(2,650,550)	(2,489,609)
Net cash used by noncapital financing activities	<u>(1,968,056)</u>	<u>(445,024)</u>	<u>(2,413,080)</u>	<u>(2,376,664)</u>
<b>Capital and Related Financing Activities</b>				
Repayment of debt	-	(81,858)	(81,858)	(523,757)
Proceeds from capital related debt	4,048,753	-	4,048,753	-
Interest and fiscal agent fees	(430,064)	(113,713)	(543,777)	(473,113)
Proceeds from sale of property	13,906	-	13,906	-
Additions to property and equipment	(3,813,764)	(199,393)	(4,013,157)	(2,789,633)
Net cash used by capital and related financing activities	<u>(181,169)</u>	<u>(394,964)</u>	<u>(576,133)</u>	<u>(3,786,503)</u>
<b>Investing Activities</b>				
Interest on investments	42,245	5,076	47,321	21,051
Purchase of investments	-	-	-	(3,580,114)
Maturity on investments	317,652	22,060	339,712	-
Net cash provided by (used in) investing activities	<u>359,897</u>	<u>27,136</u>	<u>387,033</u>	<u>(3,559,063)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<u>2,055,925</u>	<u>(397,502)</u>	<u>1,658,423</u>	<u>(2,695,545)</u>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>4,939,987</u>	<u>1,253,709</u>	<u>6,193,696</u>	<u>8,889,241</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 6,995,912</u>	<u>\$ 856,207</u>	<u>\$ 7,852,119</u>	<u>\$ 6,193,696</u>

**City of Bedford, Texas**  
**Statement of Cash Flows**  
**Proprietary Funds (Continued)**  
**Year Ended September 30, 2013 (with Comparative Totals for 2012)**

	Water and Sewer	Stormwater Utility	Totals	
			2013	2012
<b>Reconciliation of Operating Income to Net Cash Provided by (Used in) Operating Activities</b>				
Operating income	\$ 2,698,697	\$ 148,211	\$ 2,846,908	\$ 4,231,492
Adjustment to reconcile operating income to net cash provided by (used in) operating activities				
Depreciation	1,309,435	261,917	1,571,352	1,522,888
Change in				
Receivables	242,955	7,704	250,659	92,183
Due from other funds	(40,591)	35,346	(5,245)	(35,346)
Prepays and inventory	-	-	-	(44,952)
Accounts payable and accrued liabilities	(395,039)	(39,357)	(434,396)	1,219,505
Compensated absences	7,301	1,529	8,830	5,013
Customer deposits	22,495	-	22,495	35,902
Net cash provided by operating activities	<u>\$ 3,845,253</u>	<u>\$ 415,350</u>	<u>\$ 4,260,603</u>	<u>\$ 7,026,685</u>



## **Notes to Financial Statements**

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**Note 1: Summary of Significant Accounting Policies**

The City of Bedford, Texas (the City) Home Rule Charter was adopted September 24, 1966. The City operates under a Council/Manager form of government and provides the following services by its charter: public safety, public works, health, culture, recreation, community development, water and sewer utilities.

The accounting policies of the City conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to state and local governments. The Governmental Accounting Standards Board (GASB) is the accepted standards setting body for establishing governmental accounting and financial reporting principles. Management uses estimates and assumptions in preparing financial statements in accordance with GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues, expenditures and expenses. Actual results could vary from the estimates that are used. Significant policies of the City are described below.

***Financial Reporting Entity***

Generally accepted accounting principles require that financial statements present the City (the primary government) and its component units. Component units are organizations for which the City is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The accompanying general purpose financial statements comply with the provisions of the GASB Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities, functions and component units for which the City (the primary government) is financially accountable. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. Based on these criteria, the following blended component unit is included in the accompanying financial statements. Blended component units, although legally separate entities are, in substance, part of the City's operations.

The City Street Improvement Economic Development Corporation (EDC) is governed by a seven-member board appointed by the City Council. Although it is legally separate from the City, the EDC is reported as if it were part of the primary government because its sole purpose is to operate, maintain, and finance the costs of the City's street improvements using taxes collected under Section 4B of the Development Corporation Act of 1979. Separate financial statements are not available.

**City of Bedford, Texas**  
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***Basis of Presentation***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The government-wide statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for each segment of the business-type activities of the City and for each governmental program. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues. The primary effect of internal activity has been eliminated from the government-wide financial statements. However, interfund service provided and used is not eliminated in the process of consolidation on the government-wide statement of activities.

Fund financial statements report detailed information about the City. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

The City reports the following major governmental funds:

- **General Fund** – is the City’s primary operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Debt Service Fund** – is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.
- **Street Bond Capital Projects Fund** – is used to account for construction of improvements to streets, street related drainage and sidewalks.
- **Economic Development 4B Fund** – is used to account for revenues and expenses associated with the operation, maintenance and financing of the costs of the City’s street improvements. Primary revenue source is sales taxes, and a small amount of interest.

**City of Bedford, Texas**  
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All proprietary funds account for operations that are primarily financed by user charges.

The City reports the following proprietary funds:

- **Water and Sewer Fund** – accounts for providing water and sewer services to residential and commercial users in the City.
- **Stormwater Utility Fund** – accounts for the storm drainage runoff service provided to the residential and commercial users of the City.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

***Measurement Focus and Basis of Accounting***

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**City of Bedford, Texas**  
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The governmental fund financial statements are reported using the current financial resources measurement focus. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Licenses and permits, charges for services (except for sanitation services), fines and forfeits and rents and concessions are recorded as revenues when received in cash because they are generally not measurable until actually received. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City.

***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the City considers cash and cash equivalents to be all unrestricted cash and certificates of deposit with an original maturity date of three months or less.

***Investments***

Investments maturing within one year of date of purchase are reported at cost or amortized cost; all other investments are reported at fair value except for positions in investment pools. In accordance with state law, these pools operate in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. Accordingly, the pools qualify as a 2a7-like pool and are reported at the net asset value per share (which approximates fair value) even though they are calculated using the amortized cost method. The pools are subject to regulatory oversight by the State Comptroller of Public Accounts although it is not registered with the SEC.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
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***Accounts Receivable***

Accounts receivable consist primarily of amounts due from citizens for various services provided by the City as well as property taxes and sales taxes receivable. Management evaluates the adequacy of the allowance for doubtful accounts based on a review of individual accounts. The primary factors considered in determining the amount of the allowance are collection history, the aging of the accounts and other specific information known to management that may affect collectibility.

***Inventories***

Inventories in the general and proprietary fund types are carried at cost (first-in, first-out method). The City uses the consumption method for determining cost; inventories are recognized as expenditures when consumed.

***Capital Assets***

Capital assets, which include property, plant, equipment and infrastructure such as roads, bridges, drainage systems and lighting systems, are reported at historical cost. Contributed assets are recorded at their estimated fair value as of the date received. Depreciation is recorded on each class of depreciable property utilizing the straight-line method over the estimated useful lives of the assets. Estimated useful lives of major categories of property are:

Buildings	20 – 40 years
Infrastructure	20 – 30 years
Water and sewer system	50 years
Improvements	10 – 20 years
Machinery and equipment	3 – 10 years

Interest expense is capitalized on contracts with durations over one-year in the proprietary funds. The minimum capitalization threshold is any item with a total cost greater than \$5,000 and a useful life greater than one-year.

***Deferred Outflows/Inflows of Resources***

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then.

Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

**City of Bedford, Texas**  
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***Compensated Absences***

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the City does not have a policy to pay any amounts when employees separate from service from the City.

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay only if the compensated absences have matured with unused reimbursable leave outstanding following an employee's resignation or retirement. Vested or accumulated vacation leave within proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

***Interfund Transactions***

During the course of normal operations, the City has transactions between funds, including expenditures and transfers of resources to provide services, construct assets and service debt. There is no interest charged between funds for these advances.

***Net Position***

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The net position of the Tourism Development Fund and the Economic Development 4B Fund are restricted by enabling legislation as indicated on the statement of net position.

The City's policy is to use restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

**City of Bedford, Texas**  
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***Fund Balance Classification***

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable** – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. Nonspendable items are not expected to be converted to cash or are not expected to be converted to cash within the next year.
- **Restricted** – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by ordinance of the City Council, the City's highest level of decision making authority. These amounts cannot be used for any other purpose unless the Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.
- **Assigned** – This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council.
- **Unassigned** – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
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***Prior Year Comparative Information***

The basic financial statements include certain prior year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the City's financial statements as of and for the year ended September 30, 2012, from which the summarized information was derived. The City's 2012 net position has not been restated for the effects of adopting GASB No. 65.

***New Pronouncements***

During the current year ending September 30, 2013, the City has implemented GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. This statement introduces and defines those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period. This statement amends the net asset reporting requirements in Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for Local Governments*, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

Additionally, the City has implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. This statement redefines certain financial elements previously reported as assets and liabilities as deferred outflows and deferred inflows of resources. In addition, the statement changes the method of reporting debt issuance costs. Prior to implementation of GASB Statement No. 65, the City reported debt issuance costs, including costs related to bond insurance, as deferred debt expense which was capitalized and amortized over the life of the debt. Deferred debt expense was reported as an asset on the statement of net position. In GASB Statement No. 65, bond issuance costs, excluding bond insurance costs, which should never be treated as a prepaid asset, are to be recognized in the period of the debt issue. Implementation of GASB Statement No. 65 resulted in a restatement of previously reported net position.

During the year ending September 30, 2015, the City will implement GASB Statements No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*. This statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. The effects of implementing this statement is unknown, but is expected to have a material effect on net position.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
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**Reclassifications**

Certain reclassifications have been made to the 2012 financial statements to conform to the 2013 financial statement presentation. These reclassifications had no effect on change in net position/fund balance.

**Note 2: Deposits and Investments**

The deposit and investment policies of the City are governed by State Statutes and the adopted City Investment Policy. City policies governing bank deposits require depositories to be FDIC-insured institutions, and depositories must fully collateralize all deposits in excess of FDIC insurance limits.

Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agency securities, repurchase agreements and municipal pools.

The City utilizes a pooled investment concept for all its funds to maximize its investment program. Investment income from this internal pooling is allocated to the respective funds based upon the sources of funds invested.

During the year ended September 30, 2013, the City invested in TexCLASS, TexStar, Texas DAILY and Lone Star, which are investment pools authorized by the Texas Legislature. The Texas Treasury Safekeeping Trust Company is the trustee and is a limited purpose trust company authorized pursuant to Texas Government Code. The pools operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. The pools use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in the pools is the same as the value of the pools shares.

Investments at year-end are shown below:

Investment Type	Fair Value	Weighted-Average Maturity
TexCLASS	\$ 201,939	1 day
TexStar	7,026,535	1 day
Texas DAILY	1,185,989	1 day
Lone Star investment public pool	83,739	1 day
Money market funds	630,000	1 day
Total	<u>\$ 9,128,202</u>	

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

The City's investments at September 30, 2013, are held by the following investment pools:

Investment Type	Standard & Poor's Credit Rating
TexCLASS	AAAm
TexStar	AAAm
Texas DAILY	AAAm
Lone Star investment public pool	AAAm

- **Interest Rate Risk** – In accordance with its investment policy, the City manages its exposure to declines in fair market values by investing operating funds primarily in short-term securities, money market mutual funds or similar investment pools. Furthermore, unless matched to a specific cash flow, the City will not directly invest in securities maturing more than three years from the date of purchase.
- **Credit Risk** – It is the City's policy to follow statutes, which authorize the City to invest in obligations of the U. S. Treasury agencies and instrumentalities, obligations of the state of Texas and related agencies, obligations of states, agencies, counties, cities and other political subdivisions of any state rated "A" or above by Standard & Poor's Corporation or Moody's, repurchase agreements and designated investment pools. The City's assets in investment pools meet this requirement as noted above.
- **Custodial Credit Risk – Investments** – In accordance with its investment policy, the City minimizes custodial credit risk by limiting investments to the safest types of investment vehicles, prequalifying the financial institutions, brokers/dealers, intermediaries and advisors with which the City will do business and diversifying the investment portfolio so that potential losses on individual investments will be minimized. Currently, all investments are registered in the City's name.
- **Custodial Credit Risk – Deposits** – The City's deposits do not have any exposure to credit risk because all deposits in financial institutions are fully collateralized by U.S. government obligations or obligations of the state of Texas and its agencies that have a value of not less than the principal amount of the deposits. The collateral is held by a third party custodial bank as the City's agent.
- **Concentration of Credit Risk** – The City limits investments to avoid concentration in securities from a specific issuer or business sector (where appropriate). As noted above, the City's investments are distributed into a variety of allowable investment vehicles. Management does not believe there is a significant risk of loss due to the credit rating and nature of the investments.

**City of Bedford, Texas**  
**Notes to Financial Statements**  
**September 30, 2013**

**Summary of Deposit and Investment Balances**

Following is a reconciliation of the City's deposit and investment balances as of September 30, 13:

	<b>Totals</b>
Investments	\$ 9,128,202
Deposits and cash on hand	17,133,208
	\$ 26,261,410
<b>Government-wide</b>	
<b>Statement of</b>	
<b>Net Position</b>	
Cash and cash equivalents	\$ 17,104,917
Investments	5,132,091
Restricted Assets:	
Investments	4,024,402
	\$ 26,261,410

**Note 3: Receivables**

Receivables as of September 30, 2013, for the City's individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Funds				Enterprise Funds		Total
	General	Debt Service	Street Bond	Economic Development	Nonmajor Governmental	Water and Sewer	
<b>Receivables</b>							
<b>Taxes</b>							
Delinquent property taxes	\$ 204,633	\$ 125,217	\$ -	\$ -	\$ -	\$ -	\$ 329,850
Sales taxes	1,245,472	-	-	415,157	-	-	1,660,629
Franchise	795,746	-	-	-	-	-	795,746
Other	45,080	-	-	-	-	-	45,080
Accounts	420,815	-	-	294	43,612	3,423,733	4,084,449
Other	116,916	-	345,792	-	496	-	463,204
<b>Gross receivables</b>	<b>2,828,562</b>	<b>125,217</b>	<b>345,792</b>	<b>415,451</b>	<b>44,108</b>	<b>3,423,733</b>	<b>7,378,958</b>
<b>Less allowance for uncollectibles</b>	<b>(35,559)</b>	<b>(21,794)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(383,219)</b>	<b>(440,572)</b>
<b>Net total receivables</b>	<b>\$ 2,793,103</b>	<b>\$ 103,423</b>	<b>\$ 345,792</b>	<b>\$ 415,451</b>	<b>\$ 44,108</b>	<b>\$ 3,040,514</b>	<b>\$ 6,938,386</b>

Governmental funds report deferred outflows in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period.

**City of Bedford, Texas**  
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At the end of the current fiscal year, the various components of deferred outflows reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable (General Fund)	\$ 157,924
Delinquent property taxes receivable (Debt Service Fund)	96,792
Delinquent ambulance receivable (General Fund)	234,503
Street and drainage assessments receivable (Street Bond)	<u>345,978</u>
Total deferred outflows for governmental funds	<u>\$ 835,197</u>

**Note 4: Property Tax**

Property taxes attach as an enforceable lien on property as of January 1. The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real property and personal business property located in the City. The assessed value upon which the fiscal 2013 levy was based was \$2,961,094,384. The appraisal function is performed by the Tarrant County Appraisal District.

General property taxes are limited by the Texas Constitution to \$2.50 per \$100 of assessed valuation and by Home Rule Charter to \$1.50 per \$100 of assessed valuation for general governmental services and payment of principal and interest on long-term debt. The combined tax rate to finance general governmental service and debt service for the year ended September 30, 2013, was \$.499115 per \$100 of assessed valuation.

Taxes are due by January 31 following the levy date. Current tax collection for the year ended September 30, 2013, was 99% of the tax levy.

Uncollected property taxes levied for the current fiscal year are recognized as receivables, and are deemed collectible in full.

**City of Bedford, Texas**  
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**Note 5: Interfund Transfers**

Interfund transfers are payments between funds that are designed to cover various operating and overhead expenses and to allocate charges for services performed by one fund on behalf of another fund.

Individual fund transfers for the year ended September 30, 2013, were:

	Transfer In			Total
	General	Debt Service	Water and Sewer	
Transfers out				
Economic Development 4B	\$ -	\$ 1,331,795	\$ 56,621	\$ 1,388,416
Nonmajor governmental	80,000	-	13,849	93,849
Water and sewer	2,205,526	-	-	2,205,526
Stormwater utility	279,395	-	167,000	446,395
<b>Total transfers out</b>	<b>\$ 2,564,921</b>	<b>\$ 1,331,795</b>	<b>\$ 237,470</b>	<b>\$ 4,134,186</b>

**Note 6: Interfund Assets/Liabilities**

Interfund balances reflect payments made by one fund on behalf of another fund for which cash settlement has not been made as of the end of the accounting period. Amounts due to and from other funds will be settled within the next accounting period. Management has no current intention of repaying the advance to the Stormwater Utility Fund in the immediate future.

Individual fund interfund receivable and payable balances at September 30, 2013, were:

	Advances to Other Funds	Advances from Other Funds
Advances		
General Fund	\$ 300,000	\$ -
Stormwater Utility Fund	-	300,000
	<b>\$ 300,000</b>	<b>\$ 300,000</b>

The advances between the General Fund and Stormwater Utility Fund are the result of the General Fund lending funds to cover start-up operating costs to the Stormwater Utility Fund.

**City of Bedford, Texas**  
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**Note 7: Capital Assets**

The following tables summarize changes in capital assets during the year ended September 30, 2013:

	Beginning Balance	Additions	Retirements	Reclassifications	Ending Balance
<b>Governmental Activities</b>					
Capital assets, not being depreciated					
Land	\$ 7,511,343	\$ -	\$ (250,000)	\$ -	\$ 7,261,343
Construction in progress	349,782	253,279	-	-	603,061
Total assets not being depreciated	<u>7,861,125</u>	<u>253,279</u>	<u>(250,000)</u>	<u>-</u>	<u>7,864,404</u>
Capital assets, being depreciated					
Buildings	25,255,790	-	-	-	25,255,790
Equipment	25,667,787	751,318	-	-	26,419,105
Improvements other than buildings	122,852,325	103,862	-	-	122,956,187
Total capital assets being depreciated	<u>173,775,902</u>	<u>855,180</u>	<u>-</u>	<u>-</u>	<u>174,631,082</u>
Less accumulated depreciation					
Buildings	(9,749,873)	(827,947)	-	-	(10,577,820)
Equipment	(21,259,805)	(1,221,304)	-	-	(22,481,109)
Improvement other than buildings	(95,268,030)	(5,797,454)	-	-	(101,065,484)
Total accumulated depreciation	<u>(126,277,708)</u>	<u>(7,846,705)</u>	<u>-</u>	<u>-</u>	<u>(134,124,413)</u>
Total capital assets being depreciated, net	<u>47,498,194</u>	<u>(6,991,525)</u>	<u>-</u>	<u>-</u>	<u>40,506,669</u>
Governmental activities capital assets, net	<u>\$ 55,359,319</u>	<u>\$ (6,738,246)</u>	<u>\$ (250,000)</u>	<u>\$ -</u>	<u>\$ 48,371,073</u>
<b>Business-type Activities</b>					
Capital assets, not being depreciated					
Land	\$ 102,755	\$ -	\$ (2,500)	\$ -	\$ 100,255
Construction in progress	3,164,263	2,477,672	-	(178,010)	5,463,925
Total assets not being depreciated	<u>3,267,018</u>	<u>2,477,672</u>	<u>(2,500)</u>	<u>(178,010)</u>	<u>5,564,180</u>
Capital assets, being depreciated					
Buildings	518,600	-	-	-	518,600
Equipment	3,203,710	102,861	-	-	3,306,571
Utility distributions	59,851,263	1,432,624	-	178,010	61,461,897
Total capital assets being depreciated	<u>63,573,573</u>	<u>1,535,485</u>	<u>-</u>	<u>178,010</u>	<u>65,287,068</u>
Less accumulated depreciation					
Buildings	(518,600)	-	-	-	(518,600)
Equipment	(2,941,231)	(123,912)	-	-	(3,065,143)
Utility distributions	(27,238,858)	(1,447,440)	-	-	(28,686,298)
Total accumulated depreciation	<u>(30,698,689)</u>	<u>(1,571,352)</u>	<u>-</u>	<u>-</u>	<u>(32,270,041)</u>
Total capital assets being depreciated, net	<u>32,874,884</u>	<u>(35,867)</u>	<u>-</u>	<u>178,010</u>	<u>33,017,027</u>
Business-type activities capital assets, net	<u>\$ 36,141,902</u>	<u>\$ 2,441,805</u>	<u>\$ (2,500)</u>	<u>\$ -</u>	<u>\$ 38,581,207</u>

**City of Bedford, Texas**  
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Depreciation expense was charged to functions/programs of the primary government as follows:

<b>Governmental Activities</b>	
General government	\$ 162,421
Community services	63,597
Public services	1,028,200
Public safety	5,626,664
Leisure services	951,544
Administrative services	<u>14,279</u>
<b>Total depreciation expense – governmental activities</b>	<b><u>\$ 7,846,705</u></b>
<b>Business-type Activities</b>	
Water and sewer	\$ 1,309,435
Stormwater collection and disposal	<u>261,917</u>
<b>Total depreciation expense – business-type activities</b>	<b><u>\$ 1,571,352</u></b>

**Note 8: Long-term Liabilities**

The following is a summary of the long-term liabilities of the City for the year ended September 30, 2013:

	Beginning Balance	Additions	Retirements	Ending Balance	Amounts Due Within One-Year
<b>Governmental Activities</b>					
General obligation bonds	\$ 41,023,379	\$ 5,375,000	\$ (8,598,379)	\$ 37,800,000	\$ 5,185,000
Premium on debt	1,265,159	75,085	(149,739)	1,190,505	153,315
Deferred loss on refunding	(61,900)	(62,267)	6,190	(117,977)	(9,155)
Capital lease	339,011	228,370	(88,509)	478,872	83,055
Compensated absences	2,319,658	1,692,969	(1,483,273)	2,529,354	843,118
Other post-employment benefits	<u>177,466</u>	<u>-</u>	<u>19,632</u>	<u>197,098</u>	<u>-</u>
<b>Governmental activities long-term liabilities</b>	<b><u>\$ 45,062,773</u></b>	<b><u>\$ 7,309,157</u></b>	<b><u>\$ (10,294,078)</u></b>	<b><u>\$ 42,077,852</u></b>	<b><u>\$ 6,255,333</u></b>
<b>Business-type Activities</b>					
Certificates of obligation	\$ 14,341,621	\$ 4,900,000	\$ (966,621)	\$ 18,275,000	\$ 940,000
Premiums on debt	132,193	20,803	(16,981)	136,015	11,993
Deferred loss on refunding	(52,729)	-	5,273	(47,456)	(5,273)
Compensated absences	117,092	156,918	(130,427)	143,583	47,861
Other post-employment benefits	<u>108,769</u>	<u>-</u>	<u>12,033</u>	<u>120,802</u>	<u>-</u>
<b>Business-type activities long-term liabilities</b>	<b><u>\$ 14,646,946</u></b>	<b><u>\$ 5,077,721</u></b>	<b><u>\$ (1,096,723)</u></b>	<b><u>\$ 18,627,944</u></b>	<b><u>\$ 994,581</u></b>

**City of Bedford, Texas**  
**Notes to Financial Statements**  
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Governmental long-term debt consists of the following individual issues at September 30, 2013:

Series	Original Issue	Interest Rate	Debt Outstanding
<b>General Obligation Bonds</b>			
Series 2004 General Obligation Refunding Bonds	12,350,000	2.4% – 5.0%	\$ 3,115,000
Series 2005 General Obligation Refunding Bonds	28,600,000	3.25% – 5.0%	16,205,000
Series 2007 General Obligation Bonds	4,000,000	3.875% – 5.0%	3,130,000
Series 2010 General Obligation Bonds	4,885,000	2.0% – 5.0%	4,535,000
Series 2011 General Obligation Refunding and Improvement Bonds	8,185,000	2.0% – 4.375%	3,320,000
Series 2011 General Tax and Revenue Certificates of Obligation	6,590,000	2.0% – 4.375%	2,120,000
Series 2013 General Obligation Refunding and Improvement Bonds	5,375,000	2.0% – 4.0%	<u>5,375,000</u>
Total General Obligation Bonds			<u>\$ 37,800,000</u>

Business-type long-term debt consists of the following individual issues at September 30, 2013:

Series	Original Issue	Interest Rate	Debt Outstanding
<b>Certificates of Obligation</b>			
Series 2007 Certificates of Obligation	\$ 4,975,000	3.875% – 4.25%	\$ 3,895,000
Series 2010 Certificates of Obligation	2,035,000	3.0% – 4.125%	1,890,000
Series 2011 Certificates of Obligation Refunding and Improvement Bonds	8,185,000	2.0% – 4.375%	3,945,000
Series 2011 Combination Tax and Revenue Certificates of Obligation	6,590,000	2.0% – 4.375%	3,845,000
Series 2012 Combination Tax and Revenue Certificates of Obligation	630,000	0.09% – 1.4%	600,000
Series 2012 Combination Tax and Revenue Certificates of Obligation	4,270,000	1.0% – 2.75%	<u>4,100,000</u>
Total Certificates of Obligation			<u>\$ 18,275,000</u>

**City of Bedford, Texas**  
**Notes to Financial Statements**  
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The annual debt service requirement to amortize the bonds, certificates of obligation, and capital lease obligations outstanding at September 30, 2013, follows:

**Governmental Activities:**

Year Ending September 30,	General Obligation Bonds	Capital Lease	Interest	Total
2014	\$ 5,185,000	\$ 83,055	\$ 1,436,622	\$ 6,704,677
2015	5,375,000	85,675	1,204,041	6,664,716
2016	5,285,000	88,767	970,605	6,344,372
2017	5,185,000	91,973	740,268	6,017,241
2018	3,970,000	95,297	538,297	4,603,594
2019 – 2023	7,415,000	34,105	1,602,538	9,051,643
2024 – 2028	3,805,000	-	677,352	4,482,352
2029 – 2033	1,580,000	-	107,340	1,687,340
	<u>\$ 37,800,000</u>	<u>\$ 478,872</u>	<u>\$ 7,277,063</u>	<u>\$ 45,555,935</u>

**Business-type Activities:**

Year Ending September 30,	Certificate of Obligations	Interest	Total
2014	\$ 940,000	\$ 568,651	\$ 1,508,651
2015	955,000	546,313	1,501,313
2016	990,000	523,076	1,513,076
2017	1,020,000	496,488	1,516,488
2018	1,065,000	466,785	1,531,785
2019 – 2023	5,035,000	1,889,619	6,924,619
2024 – 2028	5,575,000	944,458	6,519,458
2029 – 2033	2,695,000	153,950	2,848,950
	<u>\$ 18,275,000</u>	<u>\$ 5,589,340</u>	<u>\$ 23,864,340</u>

**Current Refunding and New Bond Issuance**

In October 2012 the City issued \$4,900,000 Combination Tax and Revenue Certificates of Obligation Bonds, Series 2012 (Certificates), with interest rates ranging from 1.00% to 2.25%. The proceeds from the sale of the Certificates will be used for the purpose of paying various public improvements. The Certificates were issued at a premium of \$20,803 and incurred issuance cost of \$63,655. The proceeds are kept in the Water and Sewer Funds.

**City of Bedford, Texas**  
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**September 30, 2013**

***Current Refunding and New Bond Issuance***

In September 2013 the City issued \$5,375,000 General Obligation Refunding and Improvement Bonds, Series 2013 (Bonds), with interest rates from 2.50% to 4.00%. The Bonds were issued at a premium of \$75,250 and incurred issuance costs of \$72,818. \$1,695,000 of the proceeds of the sale of the Bonds will be used for the purpose of street improvements. The remaining \$3,682,432 of the proceeds was used to current refund a portion of the City's outstanding indebtedness for the purpose of achieving debt service savings. The refunding portion of the Bonds refunded \$3,620,000 of outstanding debt. As a result of the current refunding, the City decreased total debt service requirements by \$329,878, which resulted in an accounting loss of \$62,267 and an economic gain of \$281,729, or an 8.084% savings on the refunded bonds.

The General Fund and Tourism Fund have been used to liquidate the governmental fund liability for compensated absences. This year, the government entered into a lease agreement as lessee for financing the acquisition of a self-contained breathing apparatus valued at \$228,370 of which \$228,370 was financed. The equipment has a seven-year estimated useful life. This lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of future minimum lease payments as of the inception date.

**Note 9: Retirement Plan**

***Plan Description***

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the statewide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained by writing to TMRS, P. O. Box 149153, Austin, Texas 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

**City of Bedford, Texas**  
**Notes to Financial Statements**  
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The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	December 31,	
	2013	2012
Deposit rate	5.0%	5.0%
Matching ratio (City to employee)	2 – 1	2 – 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	0%	0%
Annuity increase (to retirees)	0% of CPI	0% of CPI

***Contributions***

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year-to-year. The normal cost contribution rate finances the portion of an active member’s projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as updated service credits and annuity increases.

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

***Annual Pension Cost***

Contributions by the City were \$938,027 or 4.88% of the covered payroll of \$19,221,865 as required by the actuarial valuation.

**City of Bedford, Texas**  
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In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2012, TMRS Comprehensive Annual Financial Report (CAFR).

Actuarial valuations are based on long-term assumptions, and actual results in a specific year can, and almost certainly will, differ as actual experience deviates from the assumptions. The following table provides a detailed breakdown of changes in the retirement portion of the City of Bedford's contribution rate. This analysis reconciles the change in the retirement portion the City's contribution from 2013 to 2014, but will not reflect any change in the cost of the supplemental death benefit. The City of Bedford does not participate in that benefit.

**Change in Full Retirement Rate**

Full rate from December 31, 2011 valuation (PY 2013 rate)		4.88%
Benefit changes	0.00%	
Return on actuarial value of assets	(0.01)	
Contribution lag	0.03	
Payroll growth	0.11	
Normal cost	0.38	
Liability growth	(0.08)	
Total change	0.43%	
Full rate from December 31, 2012 valuation (PY 2014 rate)		5.31%

**City of Bedford, Texas**  
**Notes to Financial Statements**  
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Annual City pension cost and related information for the last three years is as follows:

	December 31,			
	2012	2011	2010 – Prior to Restructuring	2010 Restructured
<b>Actuarial Information</b>				
Actuarial cost method	Project Unit Credit	Project Unit Credit	Project Unit Credit	Project Unit Credit
Amortization method	Level percent of payroll	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 equivalent single amortization period	22.1 years-closed period	23.1 years-closed period	24 years-closed period	24.1 years-closed period
Amortization period for new gains/losses	25 years	25 years	25 years	25 years
Asset valuation method	10-year smoothed market	10-year smoothed market	10-year smoothed market	10-year smoothed market
<b>Actuarial Assumptions</b>				
Investment rate of return	7.0%	7.0%	7.5%	7.0%
Projected salary increases	Varies by age and services	Varies by age and services	Varies by age and services	Varies by age and services
Inflation	3.0%	3.0%	3.0%	3.0%
Cost of living adjustment	0.0%	0.0%	0.0%	0.0%
City specific assumptions				
Payroll growth assumption	3.00%	3.00%	3.00%	3.00%
<b>Schedule of Funding Information</b>				
Actuarial valuation date	12/31/2012	12/31/2011	12/31/2010	12/31/2010
Actuarial value of assets	\$ 6,694,752	\$ 4,713,345	\$ 2,378,268	\$ 2,424,829
Actuarial accrued liability	\$ 17,582,830	\$ 15,748,320	\$ 11,372,548	\$ 13,872,080
Unfunded (overfund) Actuarial Accrued Liability (UAAL)	\$ 10,888,078	\$ 11,034,975	\$ 8,994,280	\$ 11,447,251
Funded ratio	38%	30%	21%	17%
Annual covered payroll	\$ 18,597,171	\$ 18,649,701	\$ 18,787,516	\$ 18,787,516
UAAL as a percentage of covered payroll	59%	59%	48%	61%

**City of Bedford, Texas**  
**Notes to Financial Statements**  
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The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

The City's net pension obligation (NPO) for TMRS at December 31, 2013, 2012 and 2011, is calculated as follows:

Actuarial Valuation Date	December 31,		
	2013	2012	2011
NPO, beginning of year	\$ -	\$ -	\$ -
Annual required contribution (ARC)	938,027	844,310	1,262,583
Contributions made	938,027	844,310	1,262,583
NPO, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

**Note 10: Post-employment Health Care Plan**

***Plan Description and Funding Policy***

Starting January 1, 2010, the City began requiring participants who are active employees with less than 20 years of service or 60 years or more of age with less than 5 years of service to contribute an age-based full-cost premium if they choose to remain on the City's health care plan upon retirement. In return, the City will make scheduled annual contributions into a retiree health savings plan in the name of each eligible employee who has 10 years of service or more. Employees are 50% vested at 20 years of service and 100% vested at 30 years of service.

Under provisions of GASB Statement 45, employees who will be required to contribute the full age-based cost of coverage for the City's health plan do not receive another post-employment benefit.

**City of Bedford, Texas**  
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Retiring employees will pay either age-based or blended premiums depending on their status as “grandfathered” or “non-grandfathered.” Blended premiums blend the cost of providing health coverage to both active employees and retirees, and will be based on the total employer/employee premium for the health plan as a whole, and will be determined annually during the budget process.

*Grandfathered Employees*

As of January 1, 2010, employees that have 20 years of continuous service with the City or employees having 5 years of continuous service and have reached the age of 60 will be eligible to purchase City health benefits at blended rates upon the date of their retirement if they are less than age 65. Employees who meet the requirements to stay on the plan will continue to pay both employee and employer required contributions for the retiree health plan chosen for themselves and eligible dependents. Employer and employee required contributions are determined annually by plan as part of the City’s annual budget. If the spouse or eligible dependents are on the plan at the time of the employee’s retirement, they can remain on the plan, until which time they are no longer eligible.

*Non-Grandfathered Employees*

Employees who do not meet the eligibility requirements to stay on the plan will pay age-based premiums for the retiree health plan chosen for themselves and eligible dependents. These employees will participate in the City’s retiree health savings plan.

**Policy Information**

*Retiree Health Plan Benefit Eligibility*

To be eligible for retiree health benefits employees must meet the following criteria:

- Any employee who is covered under the City’s health plan at the effective date of (the employee’s) retirement, who is less than age 65, and who meets the “retiree” definition (as described below) may elect to continue health insurance coverage under the plan.
- Employees who are eligible and elect to stay on the plan will be required to begin paying monthly premiums immediately upon retirement.
- Employees eligible for retiree health insurance may also continue coverage for any dependents following the employee’s retirement, provided the dependents were covered under the employee’s health insurance as of the effective date of the employee’s retirement and the appropriate enrollment forms are completed within 30 days of retirement. Anyone electing this coverage must meet all of the eligibility rules of the plan.

**City of Bedford, Texas**  
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NOTE: When a covered retiree's spouse is employed at the time the City of Bedford employee retires, an exception to this policy may be made. The spouse may elect coverage under the City's health plan if the spouse's employment ends or the spouse's employer discontinues coverage.

- Dependents who are covered under the retiree's health insurance at the time of the retiree's death may continue coverage as follows: (a) the spouse may continue coverage following the death of the retiree until such time as the spouse remarries, dies or reaches age 65, (b) any other eligible dependent(s), as defined by the City's self-funded plan, may continue to be covered under retiree health insurance as long as all eligibility requirements of the City's plan are met.

*Retiree Health Plan Benefit Coverage*

Retirees are able to maintain retiree coverage through the City until they reach age 65 (see section below). Retirees cannot drop the City's plan and re-elect retiree benefits at a later date unless they become re-employed by the City. If this is the case, they must re-enroll into the City's retiree insurance program within 30 days of the termination from the City's re-employment.

- Retirees are able to choose from and elect the same plans offered to active employees during open enrollment each year until they reach age 65.
- Retirees who decide to elect the City's retiree health benefits will pay either age based on blended premiums depending on their status as "grandfathered" or "non-grandfathered."
- Blended premiums blend the cost of providing health coverage to both active employees and retirees, will be based on the total employer/employee premium for the health plan as a whole, and will be determined annually during the budget process.

*Retirees Age 65 or Older*

Effective January 1, 2010, retirees who are Medicare eligible or age 65 or older will have access to a more cost effective and comparable Medicare Supplement or Medicare Advantage Plan and will no longer have access to the City's health plan. Retirees will continue to have access to the City's dental plan.

- Retirees who choose to obtain coverage elsewhere may later elect one of the City's Medicare Supplement or Medicare Advantage plans when they become eligible for Medicare.

**City of Bedford, Texas**  
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- Retirees' dependents who are under 65 years of age will be able to maintain coverage through the City's health plan. Once a dependent reaches age 65, the dependent will no longer be able to access the City's health plan, but will be able to select either the Medicare Supplement or Medicare Advantage Plan which is less expensive than the current retiree premiums and is comparable to or offers a richer benefit than the City's health plan.
- If the employee is 65 years of age or older, but is not Medicare eligible, the City will evaluate the cost of Medicare Part A premiums each year and determine whether the City will reimburse the employee for the purchase of Medicare Part A (on behalf of the retiree or whether to allow the retiree to pay the premium to stay on the City's health plan). Retirees in this situation will be notified of this determination at the end of each year for the following plan year.

***Applicability***

This policy applies to all regular full-time employees.

***Definitions***

**Retiree** – is defined as an employee who has effected retirement with the City and is eligible to retire according to the City's pension plan guidelines.

***Policy Authority***

The City Council authorizes this policy. The City's management team and Human Resources are responsible for interpreting and enforcing this policy.

***Implementation Procedures***

Employees eligible for retiree health insurance will be given written notification from Human Resources explaining their eligibility to elect retiree health insurance, the applicable premium rates for the type of coverage(s) they are eligible to continue, and the procedures the employee must follow in order to elect retiree health insurance. They will also be given an election form on which to make their health insurance elections.

Employees eligible for retiree health insurance must complete the retiree health insurance election form and remit the appropriate premium payment as outlined in the retiree medical information packet within 30 days following the effective date of the employee's retirement; otherwise, the retiree will automatically forfeit his/her right to continue health insurance under this policy, except as provided by federal law.

**City of Bedford, Texas**  
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Retirees who are not age 65 and who are eligible for and elect retiree coverage through the City will receive notification from the City's Human Resources Department of the discontinuation of their retiree coverage along with enrollment information for the Medicare Supplement and Medicare Advantage plans upon turning age 65.

*Termination of Retiree Health Plan Coverage*

Retiree health insurance will automatically terminate for the retiree and/or covered dependents upon the earliest of the following occurrences:

- The City ceases to provide group health insurance.
- Retiree/retiree's dependent(s) fail to remit the monthly premium payment to the City's Human Resources Department by the last day of each month.
- The retiree returns to active employment status with the City and becomes covered under a City sponsored health plan.
- Dependent(s) of the retiree cease to meet the eligibility requirements of the City's medical plan.

**Note 11: Other Post-Employment Benefits**

***Plan Description***

The City provides post-employment medical care (OPEB) for employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents through the City's group health insurance plans, which cover both active and retired members. The benefit levels and contribution rates are approved annually by the City management and the City Council as part of the budget process. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

***Benefits Provided***

The City provides post-employment medical and dental care benefits to its retirees. Retirees who elect COBRA cannot later elect retiree coverage. To be eligible for coverage an employee must qualify under all three of the following:

- The retiree must have been covered for medical benefits under the City health plan as an employee immediately prior to termination of employment.
- Apply for pension benefits from TMRS in accordance with their requirements and deadlines, but in no event later than 90 days from termination of employment and
- Enroll for retiree health coverage within 30 days of the date of termination.

**City of Bedford, Texas**  
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***Annual Funding Policy***

The plan's premium rates are determined annually by City management and approved by the City Council as part of the annual budget. Members receiving PPO medical benefits contribute 50% – 80% per month for retiree-only coverage, 50% – 80% per month for retiree and spouse and 50% – 80% per month for retiree and family.

***Annual OPEB Costs***

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's annual OPEB cost for the past three years and the related information is listed below:

	2013	September 30, 2012	2011
Annual required contribution	\$ 97,796	\$ 97,796	\$ 181,392
Interest on prior year net OPEB obligation	12,881	10,989	6,960
Adjustment to annual required contribution	<u>(18,882)</u>	<u>(16,109)</u>	<u>(6,448)</u>
Annual OPEB cost	91,795	92,676	181,904
Contributions made	<u>(60,130)</u>	<u>(50,649)</u>	<u>(92,358)</u>
Increase in net OPEB obligation	31,665	42,027	89,546
Net obligation, beginning of year	<u>286,235</u>	<u>244,208</u>	<u>154,662</u>
Net obligation, end of year	<u>\$ 317,900</u>	<u>\$ 286,235</u>	<u>\$ 244,208</u>
Percentage of OPEB costs contributed	19%	18%	38%

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year are calculated using a 4.5% discount rate, and the Projected Unit Credit Cost method.

**City of Bedford, Texas**  
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***Funded Status and Funding Progress***

The funded status of the plan as of actuarial measurement date of December 31, 2011, was as follows:

Actuarial accrued liability	\$ 1,138,070
Actuarial value of plan assets	<u>27,970</u>
Unfunded actuarial accrued liability	<u>\$ 1,110,100</u>
Funded ratio	2.46%
Covered payroll	\$ 3,596,883
Unfunded actuarial accrued liability as a percentage of covered payroll	30.9%

***Actuarial Methods and Assumptions***

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2011, actuarial valuation, the Projected Unit Credit Cost method was used. The actuarial assumptions included a 4.5% investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 9.0% initially, reduced by decrements to an ultimate rate of 4.5% after a number of years. Both rates include a 3.0% inflation assumption. The actuarial value of the plan's assets was set equal to the reported market value of assets. The assets are allocated among the divisions based on liabilities valued at 4.5%. The City's unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed basis. The remaining amortization period at December 31, 2011, was 25 years.

**City of Bedford, Texas**  
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**Note 12: Commitments and Contingencies**

***Risk Management***

The City is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in the Texas Municipal League Intergovernmental Risk Pool (the Risk Pool) to provide insurance for workers' compensation benefits, liability and property coverage.

At September 30, 2013, the Risk Pool was self-sustaining based on premiums charged, so that total contributions plus compounded earnings on these contributions will be sufficient to satisfy claims and liabilities and other expenses. Premiums are assessed based on the rates set by the Texas State Board of Insurance and may be adjusted, on an annual basis, by the Risk Pool's Board of Trustees for each participating political subdivision's experience. The City is not liable for payments beyond the annual contributions.

The Risk Pool has purchased stop-loss coverage to protect the assets of the pool from catastrophic losses. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years, and there have been no significant reductions in insurance coverage during the current year.

***Trinity River Authority of Texas***

In 1972, the City entered into a contract with the Trinity River Authority (TRA) for the purchase of water. The contract is in effect for a period of 35 years from the date the TRA began receiving water from the Tarrant Water District (which was in 1974) and shall continue in effect until all bonds, including refunding bonds, have been paid.

Under the terms of the contract, the City is obligated to pay its proportional share of operating and maintenance expenses and debt service charges by the TRA based on the ratio of estimated water usage for the ensuing year to the total estimated water usage. Total purchases during fiscal year 2013 were approximately \$6,989,200.

In 1973, the City entered into a 50-year contract with the TRA for the transportation, treatment, and disposal of sanitary sewage actually discharged and to share in the cost of operation and maintenance of the system. Total payments of approximately \$3,244,883 were made in fiscal year 2013. Additionally, \$322,767 was spent with the City of Hurst for the transportation, treatment and disposal of sanitary sewage as well.

**City of Bedford, Texas**  
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***Litigation***

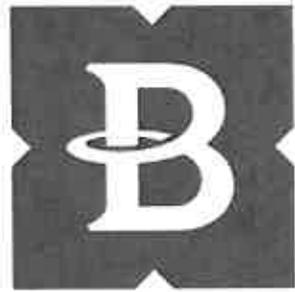
Various claims and lawsuits are pending against the City. In the opinion of the City's legal counsel and management, the potential loss on all claims after insurance will not be significant to the City's financial statements.

***State and Federal Programs***

The City has received federal and state grants for specific purposes that are subject to review and audit by grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. In the opinion of management of the City, disallowed costs, if any, should not be material.

**Note 13: Subsequent Events**

Subsequent events have been evaluated through February 21, 2014, which is the date the financial statements were available to be issued.



**Required Supplementary Information**

**City of Bedford, Texas**  
**Schedule of Funding Progress**  
**September 30, 2013**

Actuarial Valuation Date	Plan	Actuarial Value of Assets [1]	Actuarial Accrual Liability (AAL) [2]	Funded Ratio [3]	Unfunded AAL (UAAL) [4]	Covered Payroll [5]	UAAL as a Percentage of Covered Payroll [6]
				[1]/[2]	[2]-[1]		[4]/[5]
12/31/2009	TMRS	\$ 320,805	\$ 8,653,917	3.7%	\$ 8,333,112	\$ 2,866,929	290.7%
12/31/2010	TMRS *	2,378,268	11,372,548	20.9%	8,994,280	18,787,516	47.9%
12/31/2010	TMRS **	2,424,829	13,872,080	17.5%	11,447,251	18,787,516	60.9%
12/31/2011	TMRS	4,713,345	15,748,320	29.9%	11,034,975	18,649,701	59.2%
12/31/2012	TMRS	6,694,752	17,582,830	38.1%	10,888,078	18,597,171	58.5%
11/30/2010	OPEB		2,467,613	0.0%	2,467,613	16,465,708	15%
12/31/2011	OPEB	27,970	1,138,070	2.5%	1,110,100	3,596,883	31%

\* Actuarial valuation performed under original fund structure

\*\* Actuarial valuation performed under the new fund structure

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

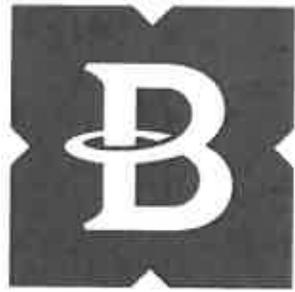
Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with the perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects of TMRS city rates and funding ratios, please see the December 31, 2010, TMRS Comprehensive Annual Financial Report (CAFR).

Under the reporting parameters, the City's retiree health care plan is 2.46% funded with an estimated actuarial accrued liability exceeding actuarial assets by \$1,110,100 at December 31, 2011. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered payroll is 30.9%.

**City of Bedford, Texas**  
**Schedule of Funding Progress**  
**September 30, 2013**

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.



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**City of Bedford, Texas**  
**Budgetary Comparison Schedule General Fund**  
**September 30, 2013**

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenue</b>				
Taxes, penalty and interest	\$ 19,396,146	\$ 19,396,146	\$ 19,890,570	\$ 494,424
Licenses and permits	751,203	751,203	456,761	(294,442)
Charges for services	2,026,442	2,026,442	2,731,965	705,523
Fines and forfeits	1,455,000	1,455,000	1,239,093	(215,907)
Support from other governmental entities	529,420	529,420	538,583	9,163
Interest	17,900	17,900	9,437	(8,463)
Miscellaneous	166,000	166,000	505,907	339,907
<b>Total revenues</b>	<b>24,342,111</b>	<b>24,342,111</b>	<b>25,372,316</b>	<b>1,030,205</b>
<b>Expenditures</b>				
<b>General government</b>				
City council	105,770	105,770	101,282	4,488
City manager	410,880	410,880	413,527	(2,647)
City secretary	222,755	222,755	210,745	12,010
Information systems	664,171	664,171	579,850	84,321
Human resources	300,479	300,479	318,710	(18,231)
<b>Total general government</b>	<b>1,704,055</b>	<b>1,704,055</b>	<b>1,624,114</b>	<b>79,941</b>
<b>Community services</b>				
Economic development	161,860	161,860	245,656	(83,796)
Planning and zoning	353,381	353,381	364,164	(10,783)
Inspections	700,774	700,774	462,772	238,002
<b>Total community services</b>	<b>1,216,015</b>	<b>1,216,015</b>	<b>1,072,592</b>	<b>143,423</b>
<b>Public services</b>				
Facilities maintenance	581,149	581,149	416,953	164,196
Maintenance services	259,240	259,240	252,624	6,616
Streets	1,028,469	1,028,469	1,062,027	(33,558)
<b>Total public services</b>	<b>1,868,858</b>	<b>1,868,858</b>	<b>1,731,604</b>	<b>137,254</b>
<b>Administrative services</b>				
Finance	561,342	561,342	558,374	2,968
Nondepartmental	820,107	820,107	629,122	190,985
Municipal court	568,081	568,081	548,613	19,468
Teen court	167,771	167,771	158,231	9,540
<b>Total administrative services</b>	<b>2,117,301</b>	<b>2,117,301</b>	<b>1,894,340</b>	<b>222,961</b>

**City of Bedford, Texas**  
**Budgetary Comparison Schedule General Fund (Continued)**  
**September 30, 2013**

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Expenditures</b>				
Public safety				
Administration	\$ 818,818	\$ 818,818	\$ 822,640	\$ (3,822)
Animal control	363,786	363,786	366,645	(2,859)
Criminal investigation division	1,532,281	1,532,281	1,509,594	22,687
Community services	678,243	678,243	665,057	13,186
Code compliance	-	-	76,331	(76,331)
SWAT	19,805	19,805	16,014	3,791
Patrol	4,385,220	4,385,220	4,379,401	5,819
Traffic	587,694	587,694	455,065	132,629
Dispatch	688,943	688,943	646,381	42,562
Jail	841,231	841,231	797,257	43,974
Records	600,422	600,422	572,015	28,407
Fire operations	6,488,316	6,488,316	6,491,450	(3,134)
<b>Total public safety</b>	<u>17,004,759</u>	<u>17,004,759</u>	<u>16,797,850</u>	<u>206,909</u>
Leisure services				
Library	1,290,910	1,290,910	1,235,054	55,856
Parks	1,265,148	1,265,148	1,198,091	67,057
Recreation	804,122	804,122	738,849	65,273
Senior citizens	220,125	220,125	202,191	17,934
Splash	411,198	411,198	369,889	41,309
<b>Total leisure services</b>	<u>3,991,503</u>	<u>3,991,503</u>	<u>3,744,074</u>	<u>247,429</u>
Capital outlay	-	-	692,728	(692,728)
Debt service	-	-	102,019	(102,019)
<b>Total expenditures</b>	<u>27,902,491</u>	<u>27,902,491</u>	<u>27,659,321</u>	<u>243,170</u>
Excess (deficiency) of revenues over expenditures	<u>(3,560,380)</u>	<u>(3,560,380)</u>	<u>(2,287,005)</u>	<u>787,035</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	2,564,921	2,564,921	2,564,921	-
Sale of capital asset	-	-	77	77
Lease purchase proceeds	-	-	228,370	228,370
Insurance proceeds	-	-	45,073	45,073
<b>Total other financing sources (uses)</b>	<u>2,564,921</u>	<u>2,564,921</u>	<u>2,838,441</u>	<u>273,520</u>
<b>Net Changes in Fund Balance</b>	<u>(995,459)</u>	<u>(995,459)</u>	<u>551,436</u>	<u>1,060,555</u>
<b>Fund Balance, Beginning of Year</b>	<u>5,786,353</u>	<u>5,786,353</u>	<u>5,786,353</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 4,790,894</u>	<u>\$ 4,790,894</u>	<u>\$ 6,337,789</u>	<u>\$ 1,546,895</u>

**City of Bedford, Texas**  
**Budgetary Comparison Schedule**  
**Economic Development 4B Fund**  
**Year Ended September 30, 2013**

	Budgeted Amounts		Actual GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes, penalty and interest	\$ 2,300,000	\$ 2,300,000	\$ 2,407,357	\$ 107,357
Interest	10,000	10,000	4,291	(5,709)
<b>Total revenues</b>	<u>2,310,000</u>	<u>2,310,000</u>	<u>2,411,648</u>	<u>101,648</u>
<b>Expenditures</b>				
<b>Current</b>				
Public services	561,120	561,120	464,140	96,980
Capital outlay	157,000	157,000	156,832	168
<b>Total expenditures</b>	<u>718,120</u>	<u>718,120</u>	<u>620,972</u>	<u>97,148</u>
Excess (deficiency) of revenues over expenditures	<u>1,591,880</u>	<u>1,591,880</u>	<u>1,790,676</u>	<u>198,796</u>
<b>Other Financing Sources (Uses)</b>	<u>(1,388,416)</u>	<u>(1,388,416)</u>	<u>(1,388,416)</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(1,388,416)</u>	<u>(1,388,416)</u>	<u>(1,388,416)</u>	<u>-</u>
<b>Net Changes in Fund Balance</b>	203,464	203,464	402,260	198,796
<b>Fund Balance, Beginning of Year</b>	<u>1,501,475</u>	<u>1,501,475</u>	<u>1,501,475</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,704,939</u>	<u>\$ 1,704,939</u>	<u>\$ 1,903,735</u>	<u>\$ 198,796</u>

**City of Bedford, Texas**  
**Notes to Required Supplementary Information**  
**September 30, 2013**

**Stewardship, Compliance and Accountability**

***Budgetary Information***

Annual budgets are adopted for the General, Debt Service, Court Security, Drug Forfeiture, Tourism Development, Park Donation, Beautification Commission, Economic Development and Police Training funds using the modified accrual basis of accounting.

The City Council follows these procedures in establishing budgetary data reflected in the financial statements:

- Prior to August 15, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following October 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to September 30, the budget is legally enacted through passage of an ordinance.
- The City Manager is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City Council after public hearings.
- All unexpended appropriations lapse at year-end.

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**APPENDIX C**

**FORMS OF BOND COUNSEL'S OPINION**

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[Closing Date]

Fulbright & Jaworski LLP  
2200 Ross Avenue, Suite 2800  
Dallas, Texas 75201-2784  
United States

Tel +1 214 855 8000  
Fax +1 214 855 8200  
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the "City of Bedford, Texas, General Obligation Bonds, Series 2014," dated March 15, 2014, in the principal amount of \$\_\_\_\_\_ (the "Bonds"), we have examined into their issuance by the City of Bedford, Texas (the "City"), solely to express legal opinions as to the validity of the Bonds and the exclusion of the interest on the Bonds from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Bonds, or the sufficiency of the security for or the value or marketability of the Bonds.

THE BONDS are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Bonds mature on February 1 in each of the years specified in the ordinance adopted by the City Council of the City authorizing the issuance of the Bonds (the "Ordinance"), unless redeemed prior to maturity in accordance with the terms stated on the Bonds. The Bonds accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Bonds, including the Ordinance and an examination of the initial Bond executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Bonds and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Bonds, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Bonds have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

Page 2 of Legal Opinion of Fulbright & Jaworski LLP  
Re: "City of Bedford, Texas, General Obligation Bonds, Series 2014"

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Bonds for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of individuals or, except as hereinafter described, corporations. Interest on the Bonds owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporations, other than an S corporation, a qualified mutual fund, a real estate mortgage investment conduit, a real estate investment trust, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Bonds. Ownership of tax-exempt obligations such as the Bonds may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

[Closing Date]

Fulbright & Jaworski LLP  
2200 Ross Avenue, Suite 2800  
Dallas, Texas 75201-2784  
United States

Tel +1 214 855 8000  
Fax +1 214 855 8200  
nortonrosefulbright.com

IN REGARD to the authorization and issuance of the "City of Bedford, Texas, Public Property Finance Contractual Obligations, Series 2014," dated March 15, 2014, in the principal amount of \$\_\_\_\_\_ (the "Obligations"), we have examined into their issuance by the City of Bedford, Texas (the "City"), solely to express legal opinions as to the validity of the Obligations and the exclusion of the interest on the Obligations from gross income for federal income tax purposes, and for no other purpose. We have not been requested to investigate or verify, and we neither expressly nor by implication render herein any opinion concerning, the financial condition or capabilities of the City, the disclosure of any financial or statistical information or data pertaining to the City and used in the sale of the Obligations, or the sufficiency of the security for or the value or marketability of the Obligations.

THE OBLIGATIONS are issued in fully registered form only and in denominations of \$5,000 or any integral multiple thereof (within a maturity). The Obligations mature on February 1 in each of the years specified in the ordinance adopted by the City Council of the City authorizing the issuance of the Obligations (the "Ordinance"), without right of prior redemption. The Obligations accrue interest from the dates, at the rates, and in the manner and interest is payable on the dates, all as provided in the Ordinance.

IN RENDERING THE OPINIONS herein we have examined and rely upon (i) original or certified copies of the proceedings relating to the issuance of the Obligations, including the Ordinance and an examination of the initial Obligation executed and delivered by the City (which we found to be in due form and properly executed); (ii) certifications of officers of the City relating to the expected use and investment of proceeds of the sale of the Obligations and certain other funds of the City and (iii) other documentation and such matters of law as we deem relevant. In the examination of the proceedings relating to the issuance of the Obligations, we have assumed the authenticity of all documents submitted to us as originals, the conformity to original copies of all documents submitted to us as certified copies, and the accuracy of the statements contained in such documents and certifications.

BASED ON OUR EXAMINATIONS, IT IS OUR OPINION that, under the applicable laws of the United States of America and the State of Texas in force and effect on the date hereof:

1. The Obligations have been duly authorized by the City and, when issued in compliance with the provisions of the Ordinance, are valid, legally binding and enforceable obligations of the City payable from an ad valorem tax levied, within the limits prescribed by law, upon all taxable property in the City, except to the extent that the enforceability thereof may be affected by bankruptcy, insolvency, reorganization, moratorium, or other similar laws affecting creditors' rights or the exercise of judicial discretion in accordance with the general principles of equity.

2. Pursuant to section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Code"), and existing regulations, published rulings, and court decisions thereunder, and assuming continuing compliance after the date hereof by the City with the provisions of the Ordinance relating to sections 141 through 150 of the Code, interest on the Obligations for federal income tax purposes (a) will be excludable from the gross income, as defined in section 61 of the Code, of the owners thereof, and (b) will not be included in computing the alternative minimum taxable income of individuals or, except as hereinafter described, corporations. Interest on the Obligations owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporations, other than an S corporation, a qualified mutual fund, a real estate mortgage investment conduit, a real estate investment trust, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by section 55 of the Code will be computed.

WE EXPRESS NO OPINION with respect to any other federal, state, or local tax consequences under present law or any proposed legislation resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Obligations. Ownership of tax-exempt obligations such as the Obligations may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, owners of an interest in a FASIT, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations.

OUR OPINIONS ARE BASED on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service; rather, such opinions represent our legal judgment based upon our review of existing law that we deem relevant to such opinions and in reliance upon the representations and covenants referenced above.

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Financial Advisory Services  
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**FirstSouthwest**  FIN.



# Council Agenda Background

**PRESENTER:** Clifford Blackwell, CGFO, Director of  
Administrative Services

**DATE:** 03/25/14

**Council Mission Area:** Be responsive to the needs of the community.

**ITEM:**

Consider approval of an ordinance and all matters incident and related to the issuance and sale of \$2,300,000 "City of Bedford, Texas Public Property Finance Contractual Obligations, Series 2014," dated March 25, 2014.

**City Attorney Review:** N/A

**City Manager Review:** \_\_\_\_\_

**DISCUSSION:**

On February 11, 2014, staff met with the City Council to discuss capital outlays to be purchased with public property finance contractual obligations (PPFCO). Per the recommendation of the City Council, a few capital purchases will be funded from cash reserves, while the rest will be financed using PPFCOs.

This ordinance is authorizing the sale of \$2,300,000 in Public PPFCOs to purchase the following items:

- |   |                                 |           |
|---|---------------------------------|-----------|
| - | Emergency vehicle/custom pumper | \$625,528 |
| - | New World Systems Software      | \$679,140 |
| - | Motorola Trunk Radio System     | \$956,786 |

Standard and Poor's, the City's bond rating agency, declared these PPFCOs 'AA' with a stable outlook based on the most recent rating analysis. This rating reaffirms the City's status based on strong wealth and income levels, very strong budgetary flexibility with an adjusted available fund balance of 20.8%, adequate budgetary performance, very strong liquidity providing strong cash levels to cover debt service and expenditures, and strong management conditions with good financial management policies and practices.

These contractual obligations will be amortized over a 10-year term. Additionally, it is being sold simultaneously with the Series 2014 General Obligation Bonds to achieve savings in cost of issuance. The cost of issuing both obligations should not exceed \$80,000, whereas, selling separately would cost more than \$95,000.

Due to the fact these obligations are competitively bid, the payment schedules, along with sections of the ordinance cannot be finalized until the bids are officially opened and accepted; which is on March 25, 2014.

**RECOMMENDATION:**

Staff recommends the following motion:

Approval of an ordinance and all matters incident and related to the issuance and sale of \$2,300,000 "City of Bedford, Texas Public Property Finance Contractual Obligations, Series 2014," dated March 25, 2014.

**FISCAL IMPACT:**

Amount of issue \$2,300,000  
To be paid from revenue by Debt Fund: 91.46%  
Water Fund: 8.54%  
Tax Rate impact: \$0.0038 per \$100 AV

**ATTACHMENTS:**

Ordinance  
Copy of Preliminary Official Statement (POS) –  
(attached to previous item)

ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF "CITY OF BEDFORD, TEXAS, PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATIONS, SERIES 2014"; SPECIFYING THE TERMS OF SUCH CONTRACTS; MAKING PROVISIONS FOR THE PAYMENT THEREOF; AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE EXECUTION, PERFORMANCE AND PAYMENT OF SUCH CONTRACTS, INCLUDING THE APPROVAL AND EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT AND THE APPROVAL AND DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND AN OFFICIAL STATEMENT PERTAINING THERETO; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, pursuant to Texas Local Government Code, Subchapter A of Chapter 271, as amended (the "Public Property Finance Act"), the City Council is authorized and empowered to execute, perform and make payments under contracts with any person for the use, acquisition or purchase of personal property; and

WHEREAS, in accordance with the provisions of the Public Property Finance Act, the City Council hereby finds and determines that the acquisition, use or purchase of certain items of personal property identified in **Exhibit A** attached hereto, or such other personal property, appliances, equipment, furnishings, or interests therein, considered by the City Council to be necessary, useful and/or appropriate for purposes of the City, should be financed under and pursuant to one or more contractual obligations to be executed and delivered on the terms and in the form hereinafter prescribed;

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

**SECTION 1: Contract - Authorization - Contract Amount - Property Identification.** Contracts, aggregating in amount \$2,300,000 (the "Aggregate Contract Amount") and entitled "City of Bedford, Texas, Public Property Finance Contractual Obligations, Series 2014" (the "Contractual Obligations" or the "Contracts") shall be and are hereby authorized to be executed and delivered with the Initial Contracting Party, and the assigns thereof, to finance the use or the purchase or other acquisition of personal property identified in **Exhibit A** attached hereto and incorporated herein by reference as a part of this Ordinance for all purposes, or such other personal property, appliances, equipment, furnishings, or interests therein, considered by the City Council to be necessary, useful and/or appropriate for purposes of the City (the "Property"); all in accordance with and pursuant to authority conferred by the laws of the State of Texas, particularly the Public Property Finance Act.

**SECTION 2: Fully Registered Form - Contract Date - Authorized Amounts - Installment Payments - Interest Rate.** The Contracts shall be made, executed and delivered in fully registered form, bear a date of March 15, 2014 (the "Contract Date"), and, except for the Initial Contract authorized in Section 8 hereof, shall be in authorized amounts of \$5,000 or any integral multiple thereof (not to exceed an Installment Amount), and the Aggregate Contract Amount shall be payable in annual installments (the "Installment Amounts") on February 1 in the

amounts and interest shall accrue on such Installment Amounts at the per annum rate(s) as follows:

<u>Payment Date</u>	<u>Installment Amount</u>	<u>Interest Rate(s)</u>
2015	\$ 210,000	
2016	215,000	
2017	220,000	
2018	220,000	
2019	225,000	
2020	230,000	
2021	235,000	
2022	240,000	
2023	250,000	
2024	255,000	

Interest on the unpaid Installment Amounts shall accrue from the Contract Date (calculated on the basis of a 360-day year of twelve 30-day months) and such interest shall be payable on August 1 and February 1 in each year, commencing August 1, 2014, until maturity.

SECTION 3: Terms of Payment - Paying Agent/Registrar. The Installment Amounts on each Contract and the interest thereon shall be payable only to the registered contracting party or person (hereinafter called the "Contracting Party") appearing on the registration and transfer books maintained by the Paying Agent/Registrar and such Installment Amounts and the interest payable thereon shall be payable in coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and without exchange or collection charges to the Contracting Party.

The selection and appointment of The Bank of New York Mellon Trust Company, N.A., Dallas, Texas to serve as Paying Agent/Registrar for the Contracts is hereby approved and confirmed. Books and records relating to the registration, payment, exchange and transfer of the Contracts (the "Contract Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement," substantially in the form attached hereto as **Exhibit B**, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Secretary are hereby authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Contracts. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Contracts are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified to perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Contracts, the City agrees to promptly cause a written notice thereof to be sent to each Contracting Party by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

The Installment Amounts shall be payable when due only upon the presentation and surrender of the Contracts to the Paying Agent/Registrar at its designated offices, initially in East Syracuse, New York, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest on the Installment Amounts shall be paid to the Contracting Parties which appear in the Contract Register at the close of business on the Record Date (the last business day of the month next

preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Contracting Party recorded in the Contract Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Contracting Party. If the date for the payment of an Installment Amount or interest thereon shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

SECTION 4: Redemption. The Contractual Obligations are not subject to redemption prior to maturity.

SECTION 5: Assignment - Registration - Transfer - Exchange of Contracts. The Paying Agent/Registrar shall obtain, record, and maintain in the Contract Register the name and address of each and every Contracting Party to a Contract executed and delivered under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. Any Contract may be assigned, transferred or exchanged for Contracts of other authorized amounts by the Contracting Party, in person or by his duly authorized agent, upon surrender of such Contract to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of assignment and transfer or request for exchange duly executed by the Contracting Party or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Any Contract to be assigned and transferred shall be surrendered to the Paying Agent/Registrar and, upon its receipt and cancellation, the Paying Agent/Registrar shall register and deliver, in the name of the designated assignee or transferee, one or more new Contracts of authorized amounts and, except for the assignment and transfer of the Initial Contract by the Initial Contracting Party, having the same Payment Date and of a like Installment Amount as the Contract or Contracts surrendered for assignment and transfer.

Contracts may be exchanged for Contracts of other authorized amounts and having the same Payment Date, bearing the same rate of interest and of like aggregate Installment Amount as the Contracts surrendered for exchange, upon surrender of the Contracts to be exchanged to the Paying Agent/Registrar. Whenever any Contracts are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Contracts to the Contracting Party requesting the exchange.

When a Contract has been duly assigned and transferred or exchanged, the new Contract or Contracts registered in such assignment and transfer or exchange shall be delivered

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

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

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

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

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

In the event DTC determines to discontinue serving as securities depository for the Contracts or otherwise ceases to provide book-entry clearance and settlement of securities transactions in general or the City determines that DTC is incapable of properly discharging its duties as securities depository for the Contracts, the City covenants and agrees with the Contracting Parties of the Contracts to cause Contracts to be printed in definitive form and provide for the Contract certificates to be issued and delivered to DTC Participants and Beneficial Owners, as the case may be. Thereafter, the Contracts in definitive form shall be assigned, transferred and exchanged on the Contract Register maintained by the Paying Agent/Registrar and payment of such Contracts shall be made in accordance with the provisions of Sections 3 and 5 hereof.

**SECTION 7: Execution - Registration.** The Contracts shall be executed on behalf of the City by the Mayor, with the seal of the City reproduced or impressed thereon and countersigned by the City Secretary. The signature of such officers on the Contracts may be

manual or facsimile. Contracts bearing the manual or facsimile signatures of the persons holding such offices on the Contract Date shall be deemed to be duly executed on behalf of the City, notwithstanding a change in persons holding such offices at the time of delivery of the Contracts to the Initial Contracting Party and with respect to Contracts delivered in subsequent assignments and transfers or exchanges.

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

SECTION 8: Initial Contract(s). The Contracts herein authorized may be initially executed and delivered either (i) as a single fully registered Contract in the Aggregate Contract Amount with Installment Amounts to become due and payable as provided in Section 2 hereof and numbered T-1 or (ii) as multiple fully registered Contracts, being one Contract for each Payment Date in the applicable Installment Amount and denomination and to be numbered consecutively from T-1 upward (hereinafter called the "Initial Contract(s)" and, in either case, the Initial Contract(s) shall be registered in the name of the Initial Contracting Party or the designee thereof. The Initial Contract(s) shall be the Contracts submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Initial Contracting Party. Any time after the delivery of the Initial Contract(s), the Paying Agent/Registrar, pursuant to written instructions from the Initial Contracting Party, shall cancel the Initial Contract(s) and exchange therefor Contracts of authorized amounts and in Installment Amounts with Payment Dates and bearing applicable interest rates for transfer and delivery to the Contracting Parties named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial Contracting Party and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 9: Forms.

(a) Forms Generally. The Contracts, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on the Contracts, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification and such legends and endorsements (including insurance legends in the event the Contracts, or any installment amounts thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be determined by the officers executing and delivering such Contracts as evidenced by their execution.

The Contracts, including the Initial Contract, shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Contracts as evidenced by their execution.

(b) General Contract Form.

REGISTERED  
NO. \_\_\_

REGISTERED:  
\$\_\_\_\_\_

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF BEDFORD, TEXAS  
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATION  
SERIES 2014

Contract Date:                      Interest Rate:                      Payment Date:                      CUSIP No.:  
March 15, 2014                      \_\_\_%                      \_\_\_\_\_                      \_\_\_\_\_

Contracting Party:

Installment Amount:

The City of Bedford (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Tarrant, State of Texas, hereby agrees and promises to pay to the Contracting Party named above, or the registered assigns thereof, the Installment Amount hereinabove stated on the Payment Date specified above (without right of prior redemption) and to pay interest on such unpaid Installment Amount from the interest payment date next preceding the "Registration Date" of this Contract appearing below (unless this Contract bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Contract is prior to the initial interest payment date in which case it shall bear interest from the Contract Date) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on August 1 and February 1 in each year, commencing August 1, 2014, until maturity. The Installment Amount is payable on the Payment Date noted above to the Contracting Party only upon presentation and surrender of this Contract to the Designated Payment/Transfer Office of the Paying Agent/Registrar executing the registration certificate appearing hereon, or its successor. Interest is payable to the Contracting Party of this obligation (or one or more Predecessor Contracts, as defined in the Ordinance hereinafter referenced) who appears on the "Contract Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of such Contracting Party recorded in the Contract Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Contracting Party. If the date for the payment of an Installment Amount or interest thereon shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. The Installment Amount of this Contract and interest thereon shall be paid without exchange or collection charges to the Contracting Party and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Contract is one of a number of contracts aggregating in amount \$2,300,000 (herein referred to as the "Contracts"), executed and delivered to finance the acquisition, use or purchase of personal property, under and in strict conformity with the Constitution and laws of the State of Texas, particularly the Public Property Finance Act (Texas Local Government Code, Subchapter A of Chapter 271, as amended) and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

This Contract is not subject to redemption prior to maturity.

This Contract is an obligation of the City payable from the pledged proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City. Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all of the provisions of which the Contracting Party by the acceptance hereof hereby agrees, for definitions of terms; the description of and the nature and extent of the taxes pledged for the payment of the Contracts; the terms and conditions relating to the assignment and transfer of this Contract; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Contracting Parties; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which this Contract may be discharged at or prior to its Payment Date, and the obligation evidenced by the Contracts cease to exist as an obligation of the City; and for other terms and provisions contained therein. Capitalized terms used herein have the meanings assigned in the Ordinance.

This Contract, subject to certain limitations contained in the Ordinance, may be assigned and transferred on the Contract Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered party hereof, or his duly authorized agent. When a transfer on the Contract Register occurs, one or more new fully registered Contracts with the same Payment Date, in authorized amounts, bearing the same rate of interest, and of the same Installment Amount will be delivered by the Paying Agent/Registrar to the designated assignee or assignees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the registered party whose name appears on the Contract Register (i) on the Record Date as the Contracting Party entitled to payment of interest hereon, (ii) on the date of surrender of this Contract as the Contracting Party entitled to payment of the Installment Amounts on the Payment Date and (iii) on any other date as the Contracting Party to notify for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of nonpayment of interest on a scheduled payment date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Contracting Party appearing on the Contract Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and declared that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the

Constitution and laws of the State of Texas; that the execution and delivery of the Contracts is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the execution and delivery of the Contracts to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; and that due provision has been made for the payment of the Contracts and interest thereon as aforesated. In case any provision in this Contract shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and provisions of this Contract and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Contract to be duly executed under the official seal of the City as of the Contract Date.

CITY OF BEDFORD, TEXAS

\_\_\_\_\_  
Mayor

ATTEST:

\_\_\_\_\_  
City Secretary

(City Seal)

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

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER )  
 ) REGISTER NO. \_\_\_\_\_  
OF PUBLIC ACCOUNTS )

I HEREBY CERTIFY that this Contract has been examined, certified as to validity and approved by the Attorney General of the State of Texas, and duly registered by the Comptroller of Public Accounts of the State of Texas.

WITNESS my signature and seal of office this \_\_\_\_\_ .

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

(SEAL)

(d) Form of Certificate of Paying Agent/Registrar to appear on definitive Contracts.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

This Contract has been duly delivered and registered under the provisions of the within-mentioned Ordinance; the contract or contracts initially executed and delivered by the City having been approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts, as shown by the records of the Paying Agent/Registrar.

The designated offices of the Paying Agent/Registrar in East Syracuse, New York is the "Designated Payment/Transfer Office" for this Contract.

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A., Dallas, Texas,  
as Paying Agent/Registrar

Registration date:

\_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signature

(e) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto (Print or typewrite name, address, and zip code of transferee:) \_\_\_\_\_  
(Social Security or other identifying number): \_\_\_\_\_  
the within Contract and all rights thereunder, and hereby irrevocably constitutes and appoints \_\_\_\_\_  
attorney to transfer the within Contract on the books kept for registration thereof, with full power of substitution in the premises.

DATED: \_\_\_\_\_

Signature guaranteed:  
\_\_\_\_\_

NOTICE: The signature on this assignment must correspond with the name of the contracting party as it appears on the face of the within Contract in every particular.

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

REGISTERED  
NO. T-1

REGISTERED:  
\$2,300,000

UNITED STATES OF AMERICA  
STATE OF TEXAS  
CITY OF BEDFORD, TEXAS  
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATION  
SERIES 2014

Contract Date: March 15, 2014

Contracting Party:

Contract Amount: TWO MILLION THREE HUNDRED THOUSAND DOLLARS

The City of Bedford (hereinafter referred to as the "City"), a body corporate and municipal corporation in the County of Tarrant, State of Texas, hereby agrees and promises to pay to the order of the Contracting Party named above, or the registered assigns thereof, the Contract Amount hereinabove stated on the Payment Dates and in Installment Amounts in accordance with the following schedule:

<u>Payment Date</u>	<u>Installment Amount</u>	<u>Interest Rate(s)</u>
(Information to be inserted from schedule in Section 2 hereof)		

(without right of prior redemption) and to pay interest on such unpaid annual Installment Amounts from the Contract Date at the per annum rate(s) of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on August 1 and February 1 in each year, commencing August 1, 2014, until maturity. The Installment Amounts are payable on the Payment Dates noted above to the Contracting Party named above or the assigns thereof by The Bank of New York Mellon Trust Company, N.A., Dallas, Texas (the "Paying Agent/Registrar"), upon its presentation and surrender at its designated offices, initially in East Syracuse, New York, or, with respect to a successor paying agent/registrar, at the designated office of such successor (the "Designated Payment/Transfer Office"). Interest is payable to the Contracting Party whose name appears on the "Contract Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date," which is the last business day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the Contracting Party recorded in the Contract Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Contracting Party. If the date for the payment of an Installment Amount or interest thereon shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due. The Installment Amounts of this Contract and interest

thereon shall be paid without exchange or collection charges to the Contracting Party and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

SECTION 10: Levy of Taxes. To provide for the payment of the Installment Amounts to become due and payable and the payment of the interest thereon, there is hereby levied, and there shall be annually assessed and collected in due time, form, and manner, a tax on all taxable property in the City, within the limitations prescribed by law, and such tax hereby levied on each one hundred dollars' valuation of taxable property in the City shall be at a rate from year to year as will be ample and sufficient to provide funds each year to pay (i) the Installment Amounts to become due and payable or an amount equal to 2% of the Aggregate Contract Amount (whichever is the greater) and (ii) the accrued interest on the Installment Amounts to become due and payable; full allowance being made for delinquencies and costs of collection. Full, complete and accurate books and records relating to the receipt and disbursement of taxes levied, assessed and collected for and on account of the Contracts shall be kept and maintained by the City at all times while the Contracts are Outstanding, and the taxes collected annually for the payment of the Contracts shall be deposited to the credit of a "Special 2014 Contracts Fund" (the "Sinking Fund") maintained on the records of the City and at an official depository of the City's funds; and such tax hereby levied, and to be assessed and collected annually, is hereby pledged to the payment of the Contracts.

The Mayor, Mayor Pro Tem, City Secretary, City Manager, and Director of Administrative Services of the City, individually or jointly, are hereby authorized and directed to cause to be transferred to the Paying Agent/Registrar, from funds on deposit in the Sinking Fund, amounts sufficient to fully pay and discharge promptly each Installment Amount and interest on the Contracts as the same accrues or becomes due and payable; such transfer of funds to be made in such manner as will cause collected funds to be deposited with the Paying Agent/Registrar on or before each Payment Date and each interest payment date for the Contracts.

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

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

SECTION 12: Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Contracting Parties, the Installment Amounts, together with the accrued interest thereon, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and all covenants, agreements, and other

obligations of the City to the Contracting Parties shall thereupon cease, terminate, and be discharged and satisfied.

The Contracts shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full the Installment Amounts as the same shall become due and payable on the Payment Dates, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the Installment Amounts and accrued interest on and prior to each Payment Date. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Contracts to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/ Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is in excess of the amounts required for the payment of the Contracts in accordance with the defeasance provisions shall be remitted to the City or deposited as directed by the City. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

The term "Government Securities" shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by an agency or instrumentality of the United States of America and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Contracts under the then applicable laws of the State of Texas.

**SECTION 13: Ordinance a Contract - Amendments - Outstanding Contracts.** This Ordinance shall constitute an agreement with the Contracting Parties from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any of the Contracts remain Outstanding except as permitted in this Section and in Section 28 hereof. The City may, without the consent of or notice to any Contracting Parties, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Contracting Parties, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the consent of Contracting Parties to Contracts which are Outstanding and represent a majority of the aggregate Installment Amounts affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of Contracting Parties of all Contracts which are Outstanding, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the

Installment Amounts and interest on the Contracts, reduce the Installment Amounts, change the rate of interest thereon, or in any other way modify the terms of payment of the Contracts, (2) give any preference to any Contract over any other Contract, or (3) reduce the aggregate Installment Amount of Contracts required to be held for consent to any such amendment, addition, or rescission.

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

(1) those Contracts cancelled or delivered to the Paying Agent/Registrar for cancellation;

(2) those Contracts for which the Installment Amounts and all interest payable thereon has been paid or is deemed to be fully paid in accordance with the provisions of Section 12 hereof; and

(3) those mutilated, destroyed, lost, or stolen Contracts for which replacement obligations have been registered and delivered in lieu thereof as provided in Section 11 hereof.

#### SECTION 14: Covenants to Maintain Tax-Exempt Status.

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

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

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

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

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

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

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

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

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

*“Yield”* of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and (2) the Contracts has the meaning set forth in Section 1.148-4 of the Regulations.

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

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

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

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

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Contracts to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity

under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

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

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

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

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

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

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

(3) As additional consideration for the purchase of the Contracts by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Interest and Sinking Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Contracts equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the

Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

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

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

(j) Qualified Tax Exempt Obligations. In accordance with the provisions of paragraph (3) of subsection (b) of Section 265 of the Code, the City hereby designates the Contracts to be "qualified tax exempt obligations" in that the Contracts are not "private activity bonds" as defined in the Code and the reasonably anticipated amount of "qualified tax exempt obligations" to be issued by the City (including all subordinate entities of the City) for the calendar year 2014 will not exceed \$10,000,000.

**SECTION 15: Sale of Contracts - Official Statement Approval.** Pursuant to a public sale for the Contracts, the bid submitted by \_\_\_\_\_ (herein referred to collectively as the "Purchasers") is declared to be the best bid received producing the lowest true interest cost rate to the City, and the sale of the Contracts to said Purchasers at the price of par plus a cash premium of \$\_\_\_\_\_, is hereby determined to be in the best interests of the City and is approved and confirmed. Delivery of the Contracts to the Purchasers shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale. The initial Contract shall be registered in the name as provided in the winning bid.

Furthermore, the use of the Preliminary Official Statement by the Purchasers in connection with the public offering and sale of the Contracts is hereby ratified, confirmed and approved in all respects. The final Official Statement, which reflects the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Secretary, Director of Administrative Services or City Manager, any one or more of said officials), shall be and is hereby in all respects approved and the Purchasers are hereby authorized to use and distribute said final Official Statement, dated March 25, 2014, in the reoffering, sale and delivery of the Contracts to the public. The Mayor or Mayor Pro Tem and City Secretary are further authorized to deliver for and on behalf of the City copies of said Official Statement in final form as may be required by the Purchasers, and such final Official Statement in the form and content delivered by said officials shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Purchasers.

SECTION 16: Cancellation. All Contracts surrendered for payment, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Contracts previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Contracts so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Contracts held by the Paying Agent/Registrar shall be returned to the City.

SECTION 17: Notices of Contracting Parties. Wherever Ordinance provides for notice to Contracting Parties of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Contracting Party appearing in the Contract Register at the close of business on the business day next preceding the mailing of such notice.

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

SECTION 18: Proceeds of Sale. The proceeds of sale of the Contracts, excluding the accrued interest received from the Purchasers and amounts to pay costs of issuance, shall be deposited in an acquisition fund maintained at a City depository. Pending expenditure for the Property, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, as amended, and the City's investment policies and guidelines, and any investment earnings realized shall be expended for the Property or deposited in the Sinking Fund as shall be determined by the City Council. Accrued interest received from the Purchasers as well as any surplus proceeds of sale of the Contracts, including investment earnings, remaining after acquisition of the Property shall be deposited to the credit of the Sinking Fund.

SECTION 19: Legal Opinion. The Initial Contracting Party's obligation to accept delivery of the Contracts is subject to being furnished a final opinion of Fulbright & Jaworski LLP, Attorneys, Dallas, Texas, approving the Contracts as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Contracts. A true and correct reproduction of said opinion or an executed counterpart thereof shall accompany the global Contracts deposited with DTC or a reproduction thereof shall be printed on the definitive Contracts in the event the book-entry-only system shall be discontinued.

SECTION 20: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Contracts. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Contracts shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Contracts as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Contracts.

SECTION 21: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying

Agent/Registrar and the Contracting Parties, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Contracting Parties.

SECTION 22: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 23: Governing Law. This Ordinance and the Contracts authorized to be executed and delivered hereunder shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 24: Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 25: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 26: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 27: Incorporation of Findings and Determinations. The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

SECTION 28: Continuing Disclosure Undertaking.

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

“MSRB” means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year, beginning in or after 2014, financial information and operating data with respect to the City of the general type included in the Official Statement and described in **Exhibit D** hereto, and (2) if not provided as part of such financial information and operating data, audited financial statements of the City, when and if available. Any financial statements so provided shall be prepared in accordance with the accounting principles described in **Exhibit D** hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and audited, if the City

commissions an audit of such statements and the audit is completed within the period during which they must be provided.

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

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

(c) Notice of Certain Events. The City shall provide notice of any of the following events with respect to the Contracts to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices or determinations with respect to the tax status of the Contracts, or other material events affecting the tax status of the Contracts;
- (7) Modifications to rights of holders of the Contracts, if material;
- (8) Contract calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Contracts, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- (13) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of its assets, other than in the ordinary course of business, the entry into of a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

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

(e) Limitations, Disclaimers, and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section while, but only while, the City remains an “obligated person” with respect to the Contracts within the meaning of the Rule, except that the City in any event will give the notice required by subsection (c) hereof of any Contract 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 Contracting Parties and beneficial owners of the Contracts, 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 Contracts at any future date.

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

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

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

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Contracts in the primary offering of the

Contracts 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 Contracting Parties of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Contracts 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 Contracting Parties and beneficial owners of the Contracts. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Contracts from lawfully purchasing or selling Contracts in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) of 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.

SECTION 29: Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Director of Administrative Services and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance of the Contracts. In addition, prior to the initial delivery of the Contracts, the Mayor, Mayor Pro Tem, City Secretary, City Manager, Director of Administrative Services or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect or omission in this Ordinance or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Contracts by the Attorney General and if such officer or counsel determines that such changes are consistent with the intent and purpose of this Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 30: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Local Government Code, Chapter 551, as amended.

SECTION 31: Effective Date. In accordance with the provisions of Texas Government Code, Section 1201.028, as amended, this Ordinance shall be in force and effect from and after its passage on the date shown below and it is so ordained.

*[Remainder of page left blank intentionally]*

PASSED AND ADOPTED, this March 25, 2014.

CITY OF BEDFORD, TEXAS

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Mayor

ATTEST:

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City Secretary

(City Seal)

**EXHIBIT A**

**DESCRIPTION OF PROPERTY**

<u>Description of Property</u>	<u>Estimated Cost</u>
Fire Truck	\$625,258
Software	\$679,140
Motorola System Upgrade	986,786
<hr/> Total	<hr/> \$2,291,184

**EXHIBIT B**

**PAYING AGENT/REGISTRAR AGREEMENT**

**EXHIBIT C**  
**BOND PURCHASE AGREEMENT**

## EXHIBIT D

### DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 28 of this Ordinance.

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

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified below:

1. Financial information of the general type included in the Official Statement as Appendix B for the most recently concluded fiscal year.
2. The information contained in Tables 1 through 6 and 8 through 15 in the Official Statement.

#### **Accounting Principles**

The accounting principles referred to in such Section are generally those described in Appendix B to the Official Statement, as such principles may be changed from time to time to comply with state law or regulation.



# Council Agenda Background

**PRESENTER:** Clifford Blackwell, CGFO, Director of Administrative Services

**DATE:** 03/25/14

**Council Mission Area:** Be responsive to the needs of the community.

**ITEM:**

Consider a resolution declaring expectation to reimburse expenditures with proceeds of future debt.

**City Attorney Review:** N/A

**City Manager Review:** \_\_\_\_\_

**DISCUSSION:**

On January 24, 2014, staff met with the City Council to discuss the capital items that were requested during the Fiscal Year 2013-2014 budget process. In addition, staff discussed the opportunity to finance these capital items with the use of Public Property Finance Contractual Obligations (PPFCOs) during the Council work-session on February 11, 2014.

In accordance with the timeline for issuing this type of debt, the proceeds from the sale of the PPFCOs will not be available until after April 29, 2014. Therefore, anticipating that there is a possibility staff will expend funds prior to the proceeds being received, it is prudent to pass this reimbursement resolution.

Staff has received an invoice from New World Systems seeking 50% payment that is due 15 days from the date of the signed license agreement. This invoice would require a reimbursement resolution in order for the City to pay New World Systems prior to receiving the proceeds.

Moreover, this resolution will allow the City to reimburse any capital expenditures for capital items reviewed and discussed by the City Council during the Strategic Planning Session on January 24, 2014 and the Council Work Session on February 11, 2014.

**RECOMMENDATION:**

Staff recommends the following motion:

Approval of a resolution declaring expectation to reimburse expenditures with proceeds of future debt.

**FISCAL IMPACT:**

**Actual Amount:** N/A

**ATTACHMENTS:**

Resolution

RESOLUTION NO. 14-

**A RESOLUTION DECLARING EXPECTATION TO REIMBURSE EXPENDITURES WITH PROCEEDS OF FUTURE DEBT.**

**WHEREAS, under Treas. Reg. § 1.150-2 (the "Regulation"), to fund such reimbursement with proceeds of tax-exempt obligations, the Issuer must declare its expectation to make such reimbursement; and,**

**WHEREAS, the Issuer desires to preserve its ability to reimburse the capital expenditures with proceeds of tax-exempt obligations.**

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

**SECTION 1. That the recitals above are found to be true and correct, and are incorporated herein.**

**SECTION 2. That the Issuer reasonably expects to reimburse capital expenditures with respect to the Project with proceeds of debt hereafter to be incurred by the Issuer, and that this resolution shall constitute a declaration of official intent under the Regulation. The maximum principal amount of obligations expected to be issued for the Project is \$2,300,000.**

**PRESENTED AND PASSED this 25th day of March 2014, by a vote of \_\_\_ ayes, \_\_\_ nays and \_\_\_ abstentions, at a regular meeting of the City Council of the City of Bedford, Texas.**

\_\_\_\_\_  
**Jim Griffin, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Michael Wells, City Secretary**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**Stan Lowry, City Attorney**



# Council Agenda Background

**PRESENTER:** Roger Gibson, Police Chief

**DATE:** 03/25/14

**Council Mission Area:** Be responsive to the needs of the community.

**ITEM:**

Consider a resolution of the City Council of Bedford, Texas, authorizing the submission of the grant application for a Repeat Victimization Unit storefront to the Office of the Governor, Criminal Justice Division.

**City Attorney Review:** N/A

**City Manager Review:** \_\_\_\_\_

**DISCUSSION:**

The Police Department was recently made aware of a competitive grant through the Office of the Governor, Criminal Justice Division.

Through this grant, the Police Department will be seeking funding in the amount of \$60,630 to support a storefront operation for the Repeat Victimization Unit (RVU). The funding would cover the monthly lease expenses for one year and furnishings (office workstations, chairs, conference room table, etc.). The funding will not cover construction costs (walls, bathrooms, cabling, etc.), if needed.

In late 2012, the RVU was implemented to focus on victims of domestic violence and mental health related issues. This Unit utilizes a tier-response system to address both of these issues. Due to the fact that the Unit utilizes a tier-response and that it works mental health related cases, this Unit is the first of its kind in Texas, and possibly in the Nation, according to research conducted by the University of North Texas.

Working with community resources, the goal of the RVU is two-pronged:

- (1) Develop a rapport with victims in order to help facilitate the process of getting them connected with the necessary services and assistance that they need; and,
- (2) Reduce the number of police officer calls for service to the same location and/or same subjects.

The Police Department has three full-time police officers assigned to this Unit. Further, the Police Department has partnered with the University of North Texas to develop statistical tracking mechanisms that will measure the success of the program.

Recently, the City of Hurst agreed to partner with the City of Bedford in a collaborative effort to streamline resources for this specialized Unit. If the grant is funded, the City of Hurst Police Department will be assigning one officer to office out of the RVU storefront.

The merging of the two cities is a logical endeavor as the cities of Bedford, Hurst and Euless share a Crime Victims/Domestic Violence Coordinator position. Further, the City of Hurst is requesting grant funding for a Mental Health Coordinator position to serve all three cities. In order to have better coordination between jurisdictions and a more concentrated effort towards victims, grant funding is being requested to house the four officers (three from Bedford and one from Hurst) and the shared positions of Crime Victims/Domestic Violence Coordinator, the Mental Health Coordinator, the University of North Texas intern, and two part-time volunteers into one centralized location. The desired location of the storefront operation will be along the shared city limit borders of Bedford and Hurst.

In addition to streamlining resources, the storefront operation would help to alleviate the Police Department's office space issues as listed below:

- Three officers and a part-time intern from the University of North Texas are assigned to the City of Bedford's RVU. They currently office at the Police Department in two adjoining offices that are small in nature (one office = 108 square feet, second office = 128 square feet). Due to the size of these offices, space is not available within this area to meet and/or interview victims.
- The Crime Victims/Domestic Violence Coordinator position and a part-time volunteer to this position office in another area of the Department out of an open cubicle within the Community Services Division. This space does not offer any privacy and is not conducive with meeting with victims of crime.
- The Department is very limited on space and does not currently have available office space to house the Mental Health Coordinator position. Should this position be grant funded, it would most likely have to share the desk/office area with the Crime Victims/Domestic Violence Coordinator.

Combining resources from both Departments into one centralized area will increase the coordination between the jurisdictions and the shared positions. Victims can be afforded "one stop shopping" as they meet with officers, the Crime Victims Coordinator and/or the Mental Health Coordinator (often times, mental health issues and domestic violence issues cross over). It will provide a more concentrated effort in addressing a police and community issue regarding victims of repeated offenses. Further, a location that is not deemed a "police department" provides a more conducive environment for victims who are apprehensive about meeting these same professionals at a law enforcement agency.

The Office of the Governor, Criminal Justice grant does not require a cash match.

**RECOMMENDATION:**

Staff recommends the following motion:

Approval of a resolution of the City Council of Bedford, Texas, authorizing the submission of the grant application for a Repeat Victimization Unit storefront to the Office of the Governor, Criminal Justice Division.

**FISCAL IMPACT:**

Potential costs associated with the renovation of the space will be split appropriately with the City of Hurst and will be budgeted in FY2015, if the grant is funded. Future costs associated with the rent and utilities will be funded either through a grant or be brought before the City Council for budget consideration.

**ATTACHMENTS:**

Resolution

**RESOLUTION NO. 14-**

**A RESOLUTION OF THE CITY COUNCIL OF BEDFORD, TEXAS, AUTHORIZING THE SUBMISSION OF THE GRANT APPLICATION FOR A REPEAT VICTIMIZATION UNIT STOREFRONT TO THE OFFICE OF THE GOVERNOR, CRIMINAL JUSTICE DIVISION.**

**WHEREAS, the City Council of Bedford, Texas finds it in the best interest of the citizens of Bedford that the Repeat Victimization Unit storefront be operated for the 2014-15 calendar year; and,**

**WHEREAS, the City Council of Bedford, Texas agrees that in the event of loss or misuse of the Criminal Justice Division funds, the City of Bedford assures that the funds will be returned to the Criminal Justice Division in full; and,**

**WHEREAS, the City Council of Bedford, Texas designates the City Manager as the grantee's authorized official. The authorized official is given the power to apply for, accept, reject, alter or terminate the grant on behalf of the applicant agency.**

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

**SECTION 1. That the recitals above are found to be true and correct, and are incorporated herein.**

**SECTION 2. That the City Council authorizes the submission of the grant application for the Repeat Victimization Unit storefront to the Office of the Governor, Criminal Justice Division.**

**PRESENTED AND PASSED this 25th day of March 2014, by a vote of \_\_\_ ayes, \_\_\_ nays and \_\_\_ abstentions, at a regular meeting of the City Council of the City of Bedford, Texas.**

\_\_\_\_\_  
**Jim Griffin, Mayor**

**ATTEST:**

\_\_\_\_\_  
**Michael Wells, City Secretary**

**APPROVED AS TO FORM:**

\_\_\_\_\_  
**Stan Lowry, City Attorney**



# Council Agenda Background

**PRESENTER:** Kelli Agan, Technical Services Manager

**DATE:** 03/25/14

**Council Mission Area:** Be responsive to the needs of the community.

**ITEM:**

Consider a resolution authorizing the City Manager to enter into a Memorandum of Understanding (MOU) with the City of Fort Worth for the 2013 Byrne Justice Assistance Grant (JAG) Formula Program Award.

**City Attorney Review:** Yes

**City Manager Review:** \_\_\_\_\_

**DISCUSSION:**

In July 2013, the Police Department, along with the cities of Fort Worth, Arlington, Haltom City, Hurst, North Richland Hills and the county of Tarrant, made application for the 2013 Byrne Justice Assistance Grant (JAG) Formula Program Award.

Through this grant, the Police Department requested \$12,125 to purchase 14 ballistic shields. 11 small hand-held shields will be placed into patrol units and three large hand-held shields will be placed in each of the patrol supervisor units. The shields will enhance officer safety by providing a supplementary layer of ballistic protection, in addition to ballistic vests, for high-risk situations.

The JAG grant requires all cities within Tarrant County to seek funding under one application. The City of Fort Worth has assumed the role as fiscal agent and therefore is considered the award "recipient" with all the other entities, including the City of Bedford, being a "subrecipient." As an award subrecipient, the City of Bedford must now enter into a Memorandum of Understanding (MOU) with the City of Fort Worth for the 2013 Byrne Justice Assistance Grant (JAG) Formula Program Award. The City of Fort Worth will facilitate and manage the grant as required by the award contract. The MOU outlines the parties, authority, purpose, responsibilities, points of contact, entirety of agreement, immunity, independent contractor, term, modification, termination and other provisions as required by the 2013 Byrne Justice Assistance Grant (JAG) Formula Program Award.

The 2013 JAG funding does not require a cash match from the City of Bedford.

**RECOMMENDATION:**

Staff recommends the following motion:

Approval of a resolution authorizing the City Manager to enter into a Memorandum of Understanding (MOU) with the City of Fort Worth for the 2013 Byrne Justice Assistance Grant (JAG) Formula Program Award.

**FISCAL IMPACT:**

The fiscal impact will be \$12,125, funded through the 2013 Byrne Justice Assistance Grant Formula Program Award.

**ATTACHMENTS:**

Resolution  
Memorandum of Understanding

RESOLUTION NO. 14-

A RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A MEMORANDUM OF UNDERSTANDING (MOU) WITH THE CITY OF FORT WORTH FOR THE 2013 BYRNE JUSTICE ASSISTANCE GRANT (JAG) FORMULA PROGRAM AWARD.

WHEREAS, the City Council of Bedford, Texas has determined that the grant funds requested will benefit the City by increasing officer safety; and,

WHEREAS, the City Council of Bedford, Texas acknowledges the City of Fort Worth as the fiscal agent and award recipient for the 2013 Byrne Justice Assistance Grant (JAG) Formula Program Award; and,

WHEREAS, the City Council of Bedford, Texas acknowledges that the purpose of a Memorandum of Understanding (MOU) is to enhance the working relationship between the City of Fort Worth and the City of Bedford in order to facilitate effective implementation of the 2013 Byrne Justice Assistance Grant (JAG) Formula Program Award funding.

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

SECTION 1. That the recitals above are found to be true and correct, and are incorporated herein.

SECTION 2. That the City Council authorizes the City Manager to enter into a Memorandum of Understanding (MOU) with the City of Fort Worth for the 2013 Byrne Justice Assistance Grant (JAG) Formula Program Award.

PASSED AND APPROVED this 25th day of March 2014, by a vote of \_\_\_ ayes, \_\_\_ nays and \_\_\_ abstentions, at a regular meeting of the City Council of the City of Bedford, Texas.

\_\_\_\_\_  
Jim Griffin, Mayor

ATTEST:

\_\_\_\_\_  
Michael Wells, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Stan Lowry, City Attorney

**Memorandum of Understanding  
Between the City of Fort Worth, TX and the City of Bedford, TX  
FY 2013 Justice Assistance Grant**

- 1. PARTIES.** The parties to this Memorandum of Understanding (MOU) are the City of Fort Worth, Texas (hereinafter referred to as “Recipient”) and the City of Bedford, Texas (“Subrecipient”).
- 2. AUTHORITY.** This MOU sets forth the Recipient’s and the Subrecipient’s responsibilities under the U.S. Department of Justice, Bureau of Justice Assistance, Fiscal Year 2013 Justice Assistance Grant (JAG).
- 3. PURPOSE.** The purpose of this MOU is to enhance the working relationship between the parties in order to facilitate effective implementation of the FY 2013 JAG, in compliance with the DOJ Program requirements. Once awarded, grant funds in the amount of \$12,125.00 shall provide for ballistic shields and associated equipment for the Bedford Police Department as outlined in the Budget Narrative, attached as “Exhibit A” and incorporated by reference as part of this MOU.

**4. RESPONSIBILITIES:**

**A. Recipient:**

- 1) The Recipient is the cognizant fiscal agency of the FY 2013 JAG Funds and agrees to participate in a collaborative manner with the Subrecipient throughout the life of the grant.
- 2) After the FY 2013 JAG is awarded, the Recipient shall facilitate and manage the grant throughout the life of the grant, as required by the grant award contract.
- 3) The Fort Worth Police Department – Program Support Division – Grants and Contracts Section (PSD-GCS) will oversee the administration, procurement, and reporting for the Subrecipients’ grant-funded activities and will act as the Fiscal Agent for the FY 2013 JAG Program funds. Additionally, PSD-GCS will review and approve and/or request approval from DOJ of any written requests by subrecipient for modifications to the attached Exhibit A.
- 4) The Recipient shall pay the Subrecipient an amount not to exceed \$12,125.00 from available grant funds for approved services and expenses rendered in accordance with the terms of this upon receipt of a proper and verified invoice with satisfactory program accompanying documentation of services provided. The reimbursement made to the Subrecipient shall not exceed actual costs incurred to provide the services under this contract. Actual costs, both direct and indirect, must be reasonable and allowable as those terms are defined and explained in the Office of Management and Budget (OMB) Circulars A-122 and 1-110.

## **B. Subrecipient:**

- 1) Participate in a collaborative effort with the Recipient in the application, administration, and implementation of the FY 2013 JAG, collaboration to last throughout the life of the grant.
- 2) Meet all requirements pertaining to administration, procurement, and reporting in connection with the FY 2013 JAG. Requirements to be met include those found in (1) the Office of Management and Budget circulars, (2) the Office of Justice Programs Financial Guidelines, (3) Exhibit A to this MOU, entitled “FY 2013 JAG Budget Narrative”, which is incorporated by reference as part of this MOU, and (4) “Exhibit B” to the MOU, entitled “Award Document” which is incorporated by reference as part of this MOU.
- 3) Submit to the Recipient monthly performance reports regardless of level of activity. In addition, the Subrecipient shall submit program updates and other reports requested by the Recipient and DOJ in appropriate format and on a timely basis; and make available at reasonable times and for reasonable periods records and other programmatic or financial records, books, reports, and supporting documents for reviewing and copying by the Recipient, U.S. Department of Justice, Bureau of Justice Assistance or their authorized representatives. The monthly reports are due to the Recipient no later than the 15<sup>th</sup> calendar day of the following month. The monthly performance reports must contain the following information:
  - a) A detailed list of all projects or activities for which FY 2013 JAG were expended or obligated during the previous month, including—
    - (1) The name of project or activity;
    - (2) A description of project or activity; and
    - (3) An evaluation of the completion status of the project or activity.
- 4) Submit monthly Request for Reimbursement (RFR) forms and vendor report forms with an original signature by an authorized representative to Sasha Kane, PSD-GCS Fort Worth Police Department, 350 West Belknap Street, Fort Worth, TX 76102 no later than the 15<sup>th</sup> calendar day of the month following expenditures. Reimbursements by the Recipient will not be made until after receipt of an acceptable and approved RFR and a monthly programmatic report from the Subrecipient. Reimbursements shall be made within 30 days receipt of said documents. The monthly RFRs and Vendor Report Forms must contain the following information:
  - a. The amount of FY 2013 JAG funds that were expended to projects or activities during the previous month; and
  - b. The amount of FY 2013 JAG funds that were obligated during the previous month.
- 5) Submit any and all proposed changes to attached budget to the Recipient prior to any expenditure deviation from approved budget. No expenditures inconsistent with attached budget shall be made by Subrecipient prior to receiving written approval

from Recipient. Failure to obtain pre-approval for deviations from budget may result in a denial of reimbursement.

- 6) Maintain financial, programmatic, and supporting documents, statistical records, and other records pertinent to claims submitted during the contract period for a minimum of five (5) years after the termination of the contract period, or for five (5) years after the end of the federal fiscal year in which services were provided. Such records shall be awarded to Recipient for investigation, examination and auditors as necessary. If any litigation, claim, or audit involving these records begins before the fifth (5) year period expires, the Recipient will notify the Subrecipient of such litigation, claim or audit, and Subrecipient will be responsible for maintaining the records and documents for not less than three (3) years after the final conclusion of all litigation, claims, or audits. Litigation is considered resolved when a final order is issued, or a written agreement is entered into between the DOJ, Recipient and Subrecipient. Audits are considered concluded upon the closure of the audit covering the entire award period.

## **5. POINTS OF CONTACT**

### **A. Recipient**

The primary point of contact for Recipient is Sasha Kane, telephone number: (817) 392-4243, email address: sasha.kane@fortworthtexas.gov. Monthly RFRs should be submitted, in writing, to the Fort Worth Police Department, 350 West Belknap Street, Fort Worth, TX 76102, Attention: Sasha Kane.

Performance reports should be submitted by the Project Directors of the aforementioned FY 2013 Justice Assistance Grant programs in writing to Fort Worth Police Department, 350 West Belknap Street, Fort Worth, TX 76102, Attention: Sasha Kane or by email to sasha.kane@fortworthtexas.gov.

### **B. Subrecipient**

The primary point of contact for Subrecipient is Kelli Agan, telephone number: (817) 952-2403 email address: Kelli.Agan@bedfordtx.gov, mailing address: 2121 L. Don Dodson Drive, Bedford, Texas 76021.

### **C. Recipient and Subrecipient**

Before any item included in an RFR would be denied as unallowable, Recipient agrees to confer with Subrecipient to allow for clarification and explanation. Recipient agrees to memorialize in writing any oral conversations concerning this subject matter.

6. **ENTIRETY OF AGREEMENT.** This MOU, consisting of six pages and exhibits, represents the entire and integrated agreement between the parties and supersedes all prior discussions and negotiations, representations and agreements, whether written or oral as related specifically to the U.S. Department of Justice, FY 2013 JAG.

7. **IMMUNITY.** The Parties and their respective governing bodies do not waive their sovereign immunity by entering into this MOU, and each fully retains all immunities and defenses provided by law or otherwise with respect to any action based on or occurring as a result of this MOU.
8. **INDEPENDENT CONTRACTOR.** By executing this MOU, the parties agree to work together to secure grant funding for ballistic shields and associated equipment as outlined. However, the parties to this MOU do not intend to enter a legal partnership, as that term is used to describe a legal entity and to involve joint and several liabilities. Recipient shall operate hereunder as an independent contractor and not as an officer, agent, servant or employee of Subrecipient. Likewise, Subrecipient shall operate hereunder as an independent contractor and not as an officer, agent, servant or employee of the Recipient. Neither Recipient nor Subrecipient shall be responsible under the Doctrine of Respondeat Superior for the acts and omissions of the officers, members, agents, servants, employees, or officers of the other.
9. **OTHER PROVISIONS.** Nothing in this MOU is intended to conflict with any current laws or regulations or with the directives of the City of Fort Worth or the City of Bedford. The provisions of this MOU are severable and if for any reason a clause, sentence, paragraph or other part of this MOU shall be determined to be invalid by a court or federal or state agency, board or commission having jurisdiction over the subject matter thereof, such invalidity shall not affect other provisions which can be given effect without the invalid provision.

Any monies expended by a party under or in connection with this MOU must come from funds currently available to that party.

Recipient or its representatives shall have the right to investigate, examine and audit at any time any and all necessary books, papers, documents, records and personnel that pertain to this contract or any related subcontracts.

10. **TERM.** This MOU will become effective on the date it is executed by both parties (“Effective Date”) and remain in effect throughout the grant period (ending September 30, 2016). Each party represents that this MOU has been executed by a representative with the authority to contract on behalf of that party. This MOU is null and void if funds are not awarded.
11. **MODIFICATION.** This MOU may be modified upon the mutual written consent of the parties. Any such written communications should be sent to the following persons at the following addresses:

For the City of Fort Worth:  
Sasha Kane  
Senior Contract Compliance Specialist  
City of Fort Worth Police Department  
350 West Belknap  
Fort Worth, TX 76102

For the City of Bedford:  
Beverly Griffith  
2000 Forest Ridge Drive  
Bedford, TX 76021

**12. TERMINATION.** This MOU will remain in effect until the later of (1) the expiration of the grant period or (2) the submission of the final report regarding the FY 2013 Justice Assistance Grant to the Department of Justice, unless one of the parties earlier requests termination or modification of the MOU, accompanied by 60 days' notice of such request.

[The remainder of this page was intentionally left blank.]

**ACCEPTED AND AGREED:**

**CITY OF BEDFORD:**

By: \_\_\_\_\_  
Beverly Griffith  
City Manager

Date: \_\_\_\_\_

**APPROVED AS TO FORM  
AND LEGALITY:**

**City of Bedford**

Printed Name: \_\_\_\_\_

Signature: \_\_\_\_\_

Date: \_\_\_\_\_

**ACCEPTED AND AGREED:**

**CITY OF FORT WORTH:**

By: \_\_\_\_\_  
Charles W. Daniels  
Assistant City Manager

Date: \_\_\_\_\_

**APPROVAL RECOMMENDED:**

By: \_\_\_\_\_  
Jeffrey W. Halstead  
Chief of Police

Date: \_\_\_\_\_

**APPROVED AS TO FORM AND  
LEGALITY:**

By: \_\_\_\_\_  
Jessica Sangsvang  
Assistant City Attorney

Date: \_\_\_\_\_

**Contract Authorization:**

M&C: \_\_\_\_\_

Date Approved: \_\_\_\_\_

**ATTEST:**

By: \_\_\_\_\_  
Mary J. Kayser  
City Secretary

## Exhibit A

### FY 2013 JAG Budget Narrative

Bedford- \$12,125

**Budget Detail Worksheet**

<b>A. Personnel</b>			
Position	Description	% on Project	Total
No funding requested in this category			
<b>Personnel Sub-Total</b>			<b>\$0</b>

<b>B. Fringe Benefits</b>		
Position	Description	Total
No funding requested in this category		
<b>Fringe Benefits Sub-Total:</b>		<b>\$0</b>

<b>C. Travel</b>				
Purpose of Travel	Location	Item	Computation	Cost
No funding requested in this category				
<b>Travel Sub-Total</b>				<b>\$0</b>

<b>D. Equipment</b>			
Item	Computation/Description	Unit Price/ Number	Total
Ballistic Shield	11 each "Small" Ballistic Shield	\$450.00	\$4,950
Ballistic Shield	3 each "Large" Ballistic Shield	\$2,391.66	\$7,175
<b>Sub-Total</b>			<b>\$12,125</b>

<b>E. Supplies</b>			
Item	Computation/Description	Unit Price/ Number	Total
No funding requested in this category			
<b>Sub-Total</b>			<b>\$0</b>

<b>G. Consultants/Contractors</b>			
Item	Description	% on Project	Total
No funding requested in this category			
<b>Consultants &amp; Contractors Sub-Total</b>			<b>\$0</b>

<b>H. Other Costs</b>			
Position	Description	% on Project	Total
No funding requested in this category			
<b>Other Costs Sub-Total</b>			<b>\$0.00</b>

<b>Budget Summary</b>	
<b>Budget Category</b>	<b>Amount</b>
A. Personnel	\$0
B. Fringe	\$0
C. Travel	\$0
D. Equipment	\$0
E. Supplies	\$12,125
F. Consultants/Contracts	\$0
G. Other Costs	\$0.00
<b>TOTAL PROJECT COSTS</b>	<b>\$12,125</b>
<b>Federal Request:</b>	<b>\$12,125</b>
<b>Non-Federal Amount:</b>	<b>\$0.00</b>

**Bedford- \$12,125**

**Budget Narrative**

**A. Personnel:** No funds are requested in this category.

**B. Fringe Benefits:** No funds are requested in this category.

**C. Travel:** No funds are requested in this category.

**D. Equipment:**

Request funding for the purchase of eleven “Small” Ballistic Shield and three “Large” Ballistic Shields. This equipment will be used by the Bedford Police Department’s Patrol Division to provide ballistic (bullet proof) protection during high risk incidents.

The “large” ballistic shields are hand-held and used to protect the entire body of officers.

The “small” ballistic shields are hand-held and used to protect the face/head of the officer. A ballistic shield (also called tactical shield) is capable of defending the user from handguns, shotguns and submachine guns.

**E. Supplies:** No funds are requested in this category.

**F. Consultants/Contracts:** No funds are requested in this category.

**H. Other Costs:** No funds are requested in this category.

Exhibit B  
Award Document

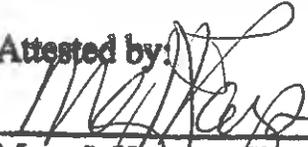
 Department of Justice Office of Justice Programs <b>Bureau of Justice Assistance</b>		<b>Grant</b>		PAGE 1 OF 8
1. RECIPIENT NAME AND ADDRESS (Including Zip Code) City of Fort Worth 350 W. Belknap Street Fort Worth, TX 76102-2004		4. AWARD NUMBER: 2013-DJ-BX-0364		
		5. PROJECT PERIOD: FROM 10/01/2012 TO 09/30/2016 BUDGET PERIOD: FROM 10/01/2012 TO 09/30/2016		
		6. AWARD DATE 08/23/2013	7. ACTION	
1A. GRANTEE IRS/VENDOR NO. 756000528		8. SUPPLEMENT NUMBER 00		Initial
		9. PREVIOUS AWARD AMOUNT \$ 0		
3. PROJECT TITLE FY 13 Justice Assistance Grant Collaboration with Fort Worth, Tarrant County, Arlington, Bedford, Haltom City, Hurst, and North Richland Hills		10. AMOUNT OF THIS AWARD		\$ 541,082
		11. TOTAL AWARD		\$ 541,082
12. SPECIAL CONDITIONS THE ABOVE GRANT PROJECT IS APPROVED SUBJECT TO SUCH CONDITIONS OR LIMITATIONS AS ARE SET FORTHON THE ATTACHED PAGE(S).				
13. STATUTORY AUTHORITY FOR GRANT This project is supported under FY13(BJA - JAG) 42 USC 3750, et seq				
15. METHOD OF PAYMENT GPRS				
AGENCY APPROVAL		GRANTEE ACCEPTANCE		
16. TYPED NAME AND TITLE OF APPROVING OFFICIAL  Denise O'Donnell Director		18. TYPED NAME AND TITLE OF AUTHORIZED GRANTEE OFFICIAL  Charles Daniels Assistant City Manager		
17. SIGNATURE OF APPROVING OFFICIAL  		19. SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL  		19A. DATE 11.08.13
		AGENCY USE ONLY		
20. ACCOUNTING CLASSIFICATION CODES FISCALY FUNDC BUD.A OFC. DIV.RE SUB. POMS AMOUNT EAR ODE CT. G.		21. MDJUGT0637		
X B DJ 80 00 00 541082				

*Joel...*  
 Asst. City Mgr

OJP FORM 4000/2 (REV. 5-87) PREVIOUS EDITIONS ARE OBSOLETE.

OJP FORM 4000/2 (REV. 4-88)

RECEIVED NOV 12 2013

Attested by:   
 Mary J. Kayser, City Secretary





Department of Justice  
Office of Justice Programs  
Bureau of Justice Assistance

**AWARD  
CONTINUATIONSHEET  
Grant**

PAGE 2 OF 8

PROJECT NUMBER 2013-DJ-BX-0364

AWARD DATE 08/23/2013

*SPECIAL CONDITIONS*

1. The recipient agrees to comply with the financial and administrative requirements set forth in the current edition of the Office of Justice Programs (OJP) Financial Guide
2. The recipient acknowledges that failure to submit an acceptable Equal Employment Opportunity Plan (if recipient is required to submit one pursuant to 28 C.F.R. Section 42.302), that is approved by the Office for Civil Rights, is a violation of its Certified Assurances and may result in suspension or termination of funding, until such time as the recipient is in compliance.
3. The recipient agrees to comply with the organizational audit requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and further understands and agrees that funds may be withheld, or other related requirements may be imposed, if outstanding audit issues (if any) from OMB Circular A-133 audits (and any other audits of OJP grant funds) are not satisfactorily and promptly addressed, as further described in the current edition of the OJP Financial Guide.
4. Recipient understands and agrees that it cannot use any federal funds, either directly or indirectly, in support of the enactment, repeal, modification or adoption of any law, regulation or policy, at any level of government, without the express prior written approval of OJP.
5. The recipient must promptly refer to the DOJ OIG any credible evidence that a principal, employee, agent, contractor, subgrantee, subcontractor, or other person has either 1) submitted a false claim for grant funds under the False Claims Act; or 2) committed a criminal or civil violation of laws pertaining to fraud, conflict of interest, bribery, gratuity, or similar misconduct involving grant funds. This condition also applies to any subrecipients. Potential fraud, waste, abuse, or misconduct should be reported to the OIG by -

mail:

Office of the Inspector General  
U.S. Department of Justice  
Investigations Division  
950 Pennsylvania Avenue, N.W  
Room 4706  
Washington, DC 20530

e-mail: [oig.hotline@usdoj.gov](mailto:oig.hotline@usdoj.gov)

hotline: (contact information in English and Spanish): (800) 869-4499

or hotline fax: (202) 616-9881

Additional information is available from the DOJ OIG website at [www.usdoj.gov/oig](http://www.usdoj.gov/oig).

6. Recipient understands and agrees that it cannot use any federal funds, either directly or indirectly, in support of any contract or subaward to either the Association of Community Organizations for Reform Now (ACORN) or its subsidiaries, without the express prior written approval of OJP.
7. The recipient agrees to comply with any additional requirements that may be imposed during the grant performance period if the agency determines that the recipient is a high-risk grantee. Cf. 28 C.F.R. parts 66, 70.



Department of Justice  
Office of Justice Programs  
Bureau of Justice Assistance

**AWARD  
CONTINUATIONSHEET  
Grant**

PAGE 3 OF 8

PROJECT NUMBER 2013-DJ-BX-0364

AWARD DATE 08/23/2013

*SPECIAL CONDITIONS*

8. The recipient agrees to comply with applicable requirements regarding registration with the System for Award Management (SAM) (or with a successor government-wide system officially designated by OMB and OJP). The recipient also agrees to comply with applicable restrictions on subawards to first-tier subrecipients that do not acquire and provide a Data Universal Numbering System (DUNS) number. The details of recipient obligations are posted on the Office of Justice Programs web site at <http://www.ojp.gov/funding/sam.htm> (Award condition: Registration with the System for Award Management and Universal Identifier Requirements), and are incorporated by reference here. This special condition does not apply to an award to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).
9. Pursuant to Executive Order 13513, "Federal Leadership on Reducing Text Messaging While Driving," 74 Fed. Reg. 51225 (October 1, 2009), the Department encourages recipients and sub recipients to adopt and enforce policies banning employees from text messaging while driving any vehicle during the course of performing work funded by this grant, and to establish workplace safety policies and conduct education, awareness, and other outreach to decrease crashes caused by distracted drivers.
10. The recipient agrees to comply with all applicable laws, regulations, policies, and guidance (including specific cost limits, prior approval and reporting requirements, where applicable) governing the use of federal funds for expenses related to conferences, meetings, trainings, and other events, including the provision of food and/or beverages at such events, and costs of attendance at such events. Information on pertinent laws, regulations, policies, and guidance is available at [www.ojp.gov/funding/confcost.htm](http://www.ojp.gov/funding/confcost.htm).
11. The recipient understands and agrees that any training or training materials developed or delivered with funding provided under this award must adhere to the OJP Training Guiding Principles for Grantees and Subgrantees, available at <http://www.ojp.usdoj.gov/funding/ojptrainingguidingprinciples.htm>.
12. The recipient agrees that if it currently has an open award of federal funds or if it receives an award of federal funds other than this OJP award, and those award funds have been, are being, or are to be used, in whole or in part, for one or more of the identical cost items for which funds are being provided under this OJP award, the recipient will promptly notify, in writing, the grant manager for this OJP award, and, if so requested by OJP, seek a budget-modification or change-of-project-scope grant adjustment notice (GAN) to eliminate any inappropriate duplication of funding.
13. The recipient understands and agrees that award funds may not be used to discriminate against or denigrate the religious or moral beliefs of students who participate in programs for which financial assistance is provided from those funds, or of the parents or legal guardians of such students.
14. The recipient understands and agrees that - (a) No award funds may be used to maintain or establish a computer network unless such network blocks the viewing, downloading, and exchanging of pornography, and (b) Nothing in subsection (a) limits the use of funds necessary for any Federal, State, tribal, or local law enforcement agency or any other entity carrying out criminal investigations, prosecution, or adjudication activities.
15. The recipient agrees to comply with OJP grant monitoring guidelines, protocols, and procedures, and to cooperate with BJA and OCFO on all grant monitoring requests, including requests related to desk reviews, enhanced programmatic desk reviews, and/or site visits. The recipient agrees to provide to BJA and OCFO all documentation necessary to complete monitoring tasks, including documentation related to any subawards made under this award. Further, the recipient agrees to abide by reasonable deadlines set by BJA and OCFO for providing the requested documents. Failure to cooperate with BJA's/OCFO's grant monitoring activities may result in sanctions affecting the recipient's DOJ awards, including, but not limited to: withholdings and/or other restrictions on the recipient's access to grant funds; referral to the Office of the Inspector General for audit review; designation of the recipient as a DOJ High Risk grantee; or termination of an award(s).



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16. The recipient agrees to comply with applicable requirements to report first-tier subawards of \$25,000 or more and, in certain circumstances, to report the names and total compensation of the five most highly compensated executives of the recipient and first-tier subrecipients of award funds. Such data will be submitted to the FFATA Subaward Reporting System (FSRS). The details of recipient obligations, which derive from the Federal Funding Accountability and Transparency Act of 2006 (FFATA), are posted on the Office of Justice Programs web site at <http://www.ojp.gov/funding/ffata.htm> (Award condition: Reporting Subawards and Executive Compensation), and are incorporated by reference here. This condition, and its reporting requirement, does not apply to grant awards made to an individual who received the award as a natural person (i.e., unrelated to any business or non-profit organization that he or she may own or operate in his or her name).
17. The recipient agrees that all income generated as a direct result of this award shall be deemed program income. All program income earned must be accounted for and used for the purposes of funds provided under this award, including such use being consistent with the conditions of the award, the effective edition of the OJP Financial Guide and, as applicable, either (1) 28 C.F.R. Part 66 or (2) 28 C.F.R Part 70 and 2 C.F.R. Part 215 (OMB Circular A-110). Further, the use of program income must be reported on the quarterly Federal Financial Report, SF 425.
18. To avoid duplicating existing networks or IT systems in any initiatives funded by BJA for law enforcement information sharing systems which involve interstate connectivity between jurisdictions, such systems shall employ, to the extent possible, existing networks as the communication backbone to achieve interstate connectivity, unless the grantee can demonstrate to the satisfaction of BJA that this requirement would not be cost effective or would impair the functionality of an existing or proposed IT system.
19. In order to promote information sharing and enable interoperability among disparate systems across the justice and public safety community, OJP requires the grantee to comply with DOJ's Global Justice Information Sharing Initiative (DOJ's Global) guidelines and recommendations for this particular grant. Grantee shall conform to the Global Standards Package (GSP) and all constituent elements, where applicable, as described at: [http://www.it.ojp.gov/gsp\\_grantcondition](http://www.it.ojp.gov/gsp_grantcondition). Grantee shall document planned approaches to information sharing and describe compliance to the GSP and appropriate privacy policy that protects shared information, or provide detailed justification for why an alternative approach is recommended.



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20. The grantee agrees to assist BJA in complying with the National Environmental Policy Act (NEPA), the National Historic Preservation Act, and other related federal environmental impact analyses requirements in the use of these grant funds, either directly by the grantee or by a subgrantee. Accordingly, the grantee agrees to first determine if any of the following activities will be funded by the grant, prior to obligating funds for any of these purposes. If it is determined that any of the following activities will be funded by the grant, the grantee agrees to contact BJA.

The grantee understands that this special condition applies to its following new activities whether or not they are being specifically funded with these grant funds. That is, as long as the activity is being conducted by the grantee, a subgrantee, or any third party and the activity needs to be undertaken in order to use these grant funds, this special condition must first be met. The activities covered by this special condition are:

- a. New construction;
- b. Minor renovation or remodeling of a property located in an environmentally or historically sensitive area, including properties located within a 100-year flood plain, a wetland, or habitat for endangered species, or a property listed on or eligible for listing on the National Register of Historic Places;
- c. A renovation, lease, or any proposed use of a building or facility that will either (a) result in a change in its basic prior use or (b) significantly change its size;
- d. Implementation of a new program involving the use of chemicals other than chemicals that are (a) purchased as an incidental component of a funded activity and (b) traditionally used, for example, in office, household, recreational, or education environments; and
- e. Implementation of a program relating to clandestine methamphetamine laboratory operations, including the identification, seizure, or closure of clandestine methamphetamine laboratories.

The grantee understands and agrees that complying with NEPA may require the preparation of an Environmental Assessment and/or an Environmental Impact Statement, as directed by BJA. The grantee further understands and agrees to the requirements for implementation of a Mitigation Plan, as detailed at <http://www.ojp.usdoj.gov/BJA/resource/nepa.html>, for programs relating to methamphetamine laboratory operations.

Application of This Special Condition to Grantee's Existing Programs or Activities: For any of the grantee's or its subgrantees' existing programs or activities that will be funded by these grant funds, the grantee, upon specific request from BJA, agrees to cooperate with BJA in any preparation by BJA of a national or program environmental assessment of that funded program or activity.

21. The recipient is required to establish a trust fund account. (The trust fund may or may not be an interest-bearing account.) The fund, including any interest, may not be used to pay debts or expenses incurred by other activities beyond the scope of the Edward Byrne Memorial Justice Assistance Grant Program (JAG). The recipient also agrees to obligate and expend the grant funds in the trust fund (including any interest earned) during the period of the grant. Grant funds (including any interest earned) not expended by the end of the grant period must be returned to the Bureau of Justice Assistance no later than 90 days after the end of the grant period, along with the final submission of the Federal Financial Report (SF-425).
22. JAG funds may be used to purchase bulletproof vests for an agency, but may not be used as the 50% match for purposes of the Bulletproof Vest Partnership (BVP) program.
23. The recipient agrees to submit a signed certification that that all law enforcement agencies receiving vests purchased with JAG funds have a written "mandatory wear" policy in effect. Fiscal agents and state agencies must keep signed certifications on file for any subrecipients planning to utilize JAG funds for ballistic-resistant and stab-resistant body armor purchases. This policy must be in place for at least all uniformed officers before any FY 2013 funding can be used by the agency for vests. There are no requirements regarding the nature of the policy other than it being a mandatory wear policy for all uniformed officers while on duty.



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24. Ballistic-resistant and stab-resistant body armor purchased with JAG funds may be purchased at any threat level, make or model, from any distributor or manufacturer, as long as the vests have been tested and found to comply with applicable National Institute of Justice ballistic or stab standards and are listed on the NIJ Compliant Body Armor Model List (<http://nij.gov>). In addition, ballistic-resistant and stab-resistant body armor purchased must be American-made. The latest NIJ standard information can be found here: <http://www.nij.gov/topics/technology/body-armor/safety-initiative.htm>.
25. The recipient agrees that any information technology system funded or supported by OJP funds will comply with 28 C.F.R. Part 23, Criminal Intelligence Systems Operating Policies, if OJP determines this regulation to be applicable. Should OJP determine 28 C.F.R. Part 23 to be applicable, OJP may, at its discretion, perform audits of the system, as per the regulation. Should any violation of 28 C.F.R. Part 23 occur, the recipient may be fined as per 42 U.S.C. 3789g(c)-(d). Recipient may not satisfy such a fine with federal funds.
26. The recipient agrees to ensure that the State Information Technology Point of Contact receives written notification regarding any information technology project funded by this grant during the obligation and expenditure period. This is to facilitate communication among local and state governmental entities regarding various information technology projects being conducted with these grant funds. In addition, the recipient agrees to maintain an administrative file documenting the meeting of this requirement. For a list of State Information Technology Points of Contact, go to <http://www.it.ojp.gov/default.aspx?area=policyAndPractice&page=1046>.
27. The grantee agrees to comply with the applicable requirements of 28 C.F.R. Part 38, the Department of Justice regulation governing "Equal Treatment for Faith Based Organizations" (the "Equal Treatment Regulation"). The Equal Treatment Regulation provides in part that Department of Justice grant awards of direct funding may not be used to fund any inherently religious activities, such as worship, religious instruction, or proselytization. Recipients of direct grants may still engage in inherently religious activities, but such activities must be separate in time or place from the Department of Justice funded program, and participation in such activities by individuals receiving services from the grantee or a sub-grantee must be voluntary. The Equal Treatment Regulation also makes clear that organizations participating in programs directly funded by the Department of Justice are not permitted to discriminate in the provision of services on the basis of a beneficiary's religion. Notwithstanding any other special condition of this award, faith-based organizations may, in some circumstances, consider religion as a basis for employment. See [http://www.ojp.gov/about/ocr/equal\\_fbo.htm](http://www.ojp.gov/about/ocr/equal_fbo.htm).
28. The recipient acknowledges that all programs funded through subawards, whether at the state or local levels, must conform to the grant program requirements as stated in BJA program guidance.
29. Grantee agrees to comply with the requirements of 28 C.F.R. Part 46 and all Office of Justice Programs policies and procedures regarding the protection of human research subjects, including obtainment of Institutional Review Board approval, if appropriate, and subject informed consent.
30. Grantee agrees to comply with all confidentiality requirements of 42 U.S.C. section 3789g and 28 C.F.R. Part 22 that are applicable to collection, use, and revelation of data or information. Grantee further agrees, as a condition of grant approval, to submit a Privacy Certificate that is in accord with requirements of 28 C.F.R. Part 22 and, in particular, section 22.23.
31. The recipient agrees to monitor subawards under this JAG award in accordance with all applicable statutes, regulations, OMB circulars, and guidelines, including the OJP Financial Guide, and to include the applicable conditions of this award in any subaward. The recipient is responsible for oversight of subrecipient spending and monitoring of specific outcomes and benefits attributable to use of JAG funds by subrecipients. The recipient agrees to submit, upon request, documentation of its policies and procedures for monitoring of subawards under this award.



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32. The recipient agrees that funds received under this award will not be used to supplant State or local funds, but will be used to increase the amounts of such funds that would, in the absence of Federal funds, be made available for law enforcement activities.
33. Award recipients must submit quarterly a Federal Financial Report (SF-425) and annual performance reports through GMS (<https://grants.ojp.usdoj.gov>). Consistent with the Department's responsibilities under the Government Performance and Results Act (GPRA), P.L. 103-62, applicants who receive funding under this solicitation must provide data that measure the results of their work. Therefore, quarterly performance metrics reports must be submitted through BJA's Performance Measurement Tool (PMT) website ([www.bjaperformancetools.org](http://www.bjaperformancetools.org)). For more detailed information on reporting and other JAG requirements, refer to the JAG reporting requirements webpage. Failure to submit required JAG reports by established deadlines may result in the freezing of grant funds and future High Risk designation.
34. Award recipients must verify Point of Contact(POC), Financial Point of Contact (FPOC), and Authorized Representative contact information in GMS, including telephone number and e-mail address. If any information is incorrect or has changed, a Grant Adjustment Notice (GAN) must be submitted via the Grants Management System (GMS) to document changes.
35. The grantee agrees that within 120 days of award acceptance, each current member of a law enforcement task force funded with these funds who is a task force commander, agency executive, task force officer, or other task force member of equivalent rank, will complete required online (internet-based) task force training. Additionally, all future task force members are required to complete this training once during the life of this award, or once every four years if multiple awards include this requirement. The training is provided free of charge online through BJA's Center for Task Force Integrity and Leadership ([www.ctfli.org](http://www.ctfli.org)). This training addresses task force effectiveness as well as other key issues including privacy and civil liberties/rights, task force performance measurement, personnel selection, and task force oversight and accountability. When BJA funding supports a task force, a task force personnel roster should be compiled and maintained, along with course completion certificates, by the grant recipient. Additional information is available regarding this required training and access methods via BJA's web site and the Center for Task Force Integrity and Leadership ([www.ctfli.org](http://www.ctfli.org)).
36. No JAG funds may be expended on unmanned aircraft, unmanned aircraft systems, or aerial vehicles (US, UAS, or UAV) unless the BJA Director certifies that extraordinary and exigent circumstances exist, making them essential to the maintenance of public safety and good order. Additionally, any JAG funding approved for this purpose would be subject to additional reporting, which would be stipulated by BJA post-award.
37. BJA strongly encourages the recipient submit annual (or more frequent) JAG success stories at [JAG.Showcase@ojp.usdoj.gov](mailto:JAG.Showcase@ojp.usdoj.gov) or via the online form at <https://www.bja.gov/contactus.aspx>. JAG success stories should include the: name and location of program/project; point of contact with phone and e-mail; amount of JAG funding received and in which fiscal year; and a brief summary describing the program/project and its impact.
38. Recipient may not expend or drawdown funds until the Bureau of Justice Assistance (BJA) has received documentation demonstrating that the state or local governing body review requirements have been met and a Grant Adjustment Notice (GAN) has been approved releasing this special condition.
39. Recipient may not expend or drawdown funds until the Bureau of Justice Assistance, Office of Justice Programs has received and approved the signed Memorandum of Understanding (MOU) between the disparate jurisdictions and has issued a Grant Adjustment Notice (GAN) releasing this special condition.



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40. Recipient may not expend or drawdown funds until the Bureau of Justice Assistance (BJA) has received documentation demonstrating that the recipient jurisdiction's public comment requirements have been met and a Grant Adjustment Notice (GAN) has been approved releasing this special condition.
41. With respect to this award, federal funds may not be used to pay cash compensation (salary plus bonuses) to any employee of the award recipient at a rate that exceeds 110% of the maximum annual salary payable to a member of the federal government's Senior Executive Service (SES) at an agency with a Certified SES Performance Appraisal System for that year. (An award recipient may compensate an employee at a higher rate, provided the amount in excess of this compensation limitation is paid with non-federal funds.)

This limitation on compensation rates allowable under this award may be waived on an individual basis at the discretion of the OJP official indicated in the program announcement under which this award is made.

**APPROVAL RECOMMENDED:**

By: Jeffrey W. Halstead  
Jeffrey W. Halstead  
Chief of Police  
Date: 10.30.13

**APPROVED AS TO FORM  
AND LEGALITY:**

By: Jessica Sangsvang  
Jessica Sangsvang  
Assistant City Attorney

**ATTEST:**  
By: Mary J. Kayser  
Mary J. Kayser  
City Secretary



Contract Authorization:

M&C: C-26511  
Date Approved: 10/15/13



# Council Agenda Background

**PRESENTER:** Michael Wells, City Secretary

**DATE:** 03/25/13

**Council Mission Area:** Encourage citizen involvement.

**ITEM:**

Consider a resolution naming the Fort Worth Star-Telegram the official newspaper of the City of Bedford and entering into an advertising contract with the Fort Worth Star-Telegram for the term of one year.

**City Attorney Review:** Yes

**City Manager Review:** \_\_\_\_\_

**DISCUSSION:**

Section 52.004 of the Texas Local Government Code (LGC) requires that, as soon as practicable after the beginning of each year, the governing body of the municipality contract with a public newspaper to be the municipality's official newspaper. To serve as an official newspaper, the newspaper must be published at least once a week, devote no less than 25% of its total column lineage to general interest items, be entered as second class postage matter in the county it is published and have been published regularly and continuously for at least 12 months before publication of a notice. This provision of the LGC is specific to "general law" cities and it is unclear whether a home-rule city (i.e. one that has adopted a charter) is required to do so. However, as the City's Charter and Zoning Ordinance both refer specifically to the "official newspaper" in regards to public hearings for the budget and zoning changes respectively, staff feels that it is prudent for the City to move forward with designating an official newspaper.

The Star-Telegram has served as the official newspaper since 1990. The City continues to utilize the Star-Telegram for its legal publications to include public hearings, budget notices and election notices. Past legal notices have all been at reduced rates with the occasional rate increase. By entering into a contract, the City can lock in the rates specified in the document, which are well below their normal rates and can be seen in the attached rate sheet. The contract does contain a slight increase in rates over what has been charged previously. For in-column legal ads, the cost has increased from \$1.28 to \$1.34 per line from Monday through Saturday and from \$1.70 to \$1.79 per line on Sundays. For display legal ads, it increases from \$14.21 per inch to \$14.92 per inch from Monday through Saturday and from \$18.87 per inch to \$19.81 per inch on Sundays. They also provide the City with publisher's affidavits, which are normally \$39.99, at no charge.

As the Star-Telegram meets the qualifications to serve as an "official newspaper," has served in that capacity for the previous 24 years and has established a good working relationship with the City, staff is recommending that they be designated as the City's official newspaper.

**RECOMMENDATION:**

Staff recommends the following motion:

Approving a resolution naming the Fort Worth Star-Telegram the official newspaper of the City of Bedford and entering into an advertising contract with the Fort Worth Star-Telegram for the term of one year.

**FISCAL IMPACT:**

The impact depends on the amount of legal advertising required by the City. The budget for FY 2013-2014 is \$6,700. The City spent \$3,115 on legal advertising the previous fiscal year.

**ATTACHMENTS:**

Resolution Agreement Rate Sheet

RESOLUTION NO. 14-

A RESOLUTION NAMING THE FORT WORTH STAR-TELEGRAM THE OFFICIAL NEWSPAPER OF THE CITY OF BEDFORD AND ENTERING INTO AN ADVERTISING CONTRACT WITH THE FORT WORTH STAR-TELEGRAM FOR THE TERM OF ONE YEAR.

WHEREAS, Section 52.004 of the Texas Local Government Code requires that on a yearly basis a municipality contract with a newspaper to serve as that municipality's official newspaper; and,

WHEREAS, the City Council of Bedford, Texas finds that Fort Worth Star-Telegram is a paper of general circulation in the City of Bedford; and,

WHEREAS, the City Council of Bedford, Texas finds that the Fort Worth Star-Telegram is published at least once a week, devotes no less than 25% of its total column lineage to general interest items, is entered as second class postage matter in Tarrant County and has been published regularly and continuously for at least 12 months before publication of a notice; and,

WHEREAS, the City Council of Bedford, Texas finds that the Fort Worth Star-Telegram is a publication that meets all of the criteria legally required of an officially designated newspaper for the City of Bedford.

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

SECTION 1. That the recitals above are found to be true and correct, and are incorporated herein.

SECTION 2. That the City Council designates the Fort Worth Star-Telegram as the official newspaper of the City of Bedford.

SECTION 3. That the City Council directs staff to enter into a contract with the Fort Worth Star-Telegram for one year.

PRESENTED AND PASSED this 25th day of March 2014, by a vote of \_\_\_ayes, \_\_\_nays and \_\_\_ abstentions, at a regular meeting of the City Council of the City of Bedford, Texas.

\_\_\_\_\_  
Jim Griffin, Mayor

\_\_\_\_\_  
Michael Wells, City Secretary

APPROVED AS TO FORM:

\_\_\_\_\_  
Stan Lowry, City Attorney

# Star-Telegram

## Annual Advertising Contract

This contract is made this 15<sup>th</sup> day of March by and between the Star-Telegram and **The City of Bedford**. In consideration of the rates associated with the Annual Investment Level and Contract Programs chosen below, **City of Bedford** (Advertiser) agrees to purchase and pay for advertising and other products/services from the Star-Telegram (Publisher) in accordance with the terms and conditions in this contract, in the Rate Cards, all as now in effect or as amended at any time.

Legal Notices Liners Mon-Sat \$1.34 per line per day  
Sunday \$1.79 per line per day

Legal Notices Display Mon-Sat \$14.92 per inch per day  
Sunday \$19.81 per inch per day

Effective Date: \_\_\_\_\_ Expiration Date \_\_\_\_\_

Primary Account Number: CIT62

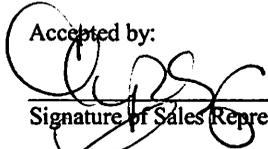
### Star-Telegram

### Advertiser

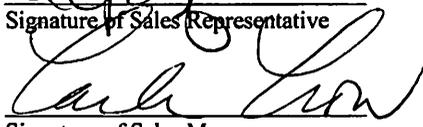
Christine Lopez (073)  
Printed Name of Sales Representative  
& Territory Number

\_\_\_\_\_  
Advertiser (Name of Business)

Accepted by:

  
\_\_\_\_\_  
Signature of Sales Representative

\_\_\_\_\_  
Printed Name of Authorized Representative Title

  
\_\_\_\_\_  
Signature of Sales Manager

\_\_\_\_\_  
Signature of Authorized Representative Date

\_\_\_\_\_  
Phone Email Address

Business Address: \_\_\_\_\_

\_\_\_\_\_  
City TX State Zip

Agency: \_\_\_\_\_

Agency Billing Address: \_\_\_\_\_

Entered by \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
City State Zip

Star-Telegram

## Annual Advertising Contract

1. The company may revise the advertising rate schedule at any time upon thirty (30) days written notice to the advertiser and the advertiser may cancel this contract at any time new rates are made effective by giving written notice to the company fifteen (15) days prior to the effective date of the rate adjustment. If the contract is canceled by the advertiser as provided in this paragraph, all space run during the current period of the contract will be billed at the open or earned contract rate, whichever is applicable.
2. If, after the completion of the contract period, the advertiser shall have purchased less space or run less frequency than agreed to in this contract, to the extent that a different rate would be applicable advertiser's rate for all space run during the period of the contract will be billed at the open or earned rate, whichever is applicable. Advertiser agrees to pay the difference. Rates are not subject to rebate. Any free pages or color insertions given to advertiser will be billed at applicable rate if advertiser does advertises less space than agreed in this contract.
3. This agreement specifically incorporates by reference all the rates, terms and conditions contained in company's regularly published rate schedule except insofar as they may be inconsistent with the provisions herein.
4. The advertiser agrees to either pay for advertisements when ordered or establish credit with the company and make full payment upon receipt of company's invoice/statement, and, in the event that the advertiser fails to make timely payment, company may reflect advertising copy and/or immediately cancel this contract, and advertiser agrees to indemnify company for all expenses incurred in connection with the collection of amounts payable under this contract, including collection fees and court costs. If this contract is canceled due to advertiser's failure to make timely payment, company may re-bill the advertiser for a new outstanding balance based on the amount of space purchased during the term of this contract at either the open or earned rate, whichever is applicable.
5. The company may, in its sole discretion, edit, classify, reject or cancel any advertising copy at any time. In all cases, the advertiser assumes liability for the content of all advertising copy printed and agrees to hold the Fort Worth Star-Telegram blameless from all claims arising therefrom.
6. In the event of agency involvement, the advertiser and agency shall be jointly and severally liable for the payment of all bills and charges made or to be made under this contract. Advertiser authorizes company, at its election, to tender any bill to agency, and such tender shall constitute notice to advertiser and such manner of billing shall in no way impair the joint and several liability of advertiser and agency. The rights of company shall in no way be affected by any dispute or claim as between advertiser and agency.
7. This contract may not be assigned or transferred by advertiser.
8. This contract contains the entire agreement between advertiser and company and may not be modified except in writing signed by both parties hereto.

# Rates

## G. NATIONAL RATES

Commissionable at 15% to recognized advertising agencies. Display ads must run without copy change within seven days to earn multiple insertion rate.

<b>In-column:</b>	<b>Per line, per insertion</b>
Sunday.....	\$56.34
1 time Daily.....	\$48.45

### Consecutive Multiple Daily Insertions:

2 times.....	\$44.71
3 times.....	39.75
4-9 times.....	35.74
10-29 times.....	31.31
30 times +.....	26.78

### National Display:\*

**1 time  
Sunday/Daily**

4-104 inches.....	\$373.00
.....	.....
105-214 inches.....	342.81
215 inches +.....	319.94

\*6 day repeat insertion is 50% off Sunday

## H. OTHER RATES

	Daily or Saturday		Sunday	
	Per Line	Per Inch	Per Line	Per Inch
Legal Notices	\$17.22	\$189.81	\$19.10	\$215.29
Legal Notices (zone)	6.06	67.15	7.24	81.80
Lodge Notices	12.98	143.58	14.28	161.21
Publisher's Affidavit.....	\$39.99			
Bold Copy.....	\$1.00 per line/day			
Yellow Screen.....	\$ 0.50			

## I. COLOR CHARGES

In addition to black and white line rate add the following color charge. All color ads must be 50 column inches in size or more.

	Daily	Sat,Sun or Holiday	One Zone	Multi Zones
1-color	\$920	\$1,600	\$490	\$320 ea.
2-color	2,420	2,525	740	440 ea.
3-color	2,800	2,800	760	525 ea.

## J. DFW.COM PRINT EDITION EMPLOYMENT RATES

Pick up pricing for employment ads available. Reach potential job candidates by featuring your ad in DFW.com Print Edition. The DFW.com entertainment publication (165,000 copies) is distributed inside the Friday Star-Telegram (130,000) and via street edition copies in racks (35,000).

Ad Size	1x	13x	26x	52x
1 col x 3.24"	\$122.64	\$91.60	\$84.79	\$76.84
2 col x 3.24"	230.90	168.44	160.87	152.51
1 col x 4.92"	331.21	238.85	227.87	216.51
3 col x 3.24"	417.13	322.51	308.11	290.33
2 col x 4.92"	417.13	322.51	308.11	290.33
3 col x 4.92"	550.75	427.35	394.80	374.36
6 col x 4.92"	1,043.96	803.99	746.45	700.64
6 col x 9.94"	1,895.65	1,443.31	1,340.36	1,238.53

**Space Deadline : Friday, Noon**  
**Digital Deadline : Monday, 5pm**

## K. LA ESTRELLA EN CASA

**In-column: Private Party** (12 lines in a box)  
\$19.99 per ad Additional lines \$1.00

**Commercial** (2 line minimum)  
\$2.50 per line

Display:	1x	2x	3x	4x	5x
net per column inch	\$19	\$15	\$14	\$13	\$12

**Employment:**  
Liner Rates (prices per line)

1x	2x	3x	4x	5x	6x	7x-13x	14x +
\$7	\$4	\$3.75	\$3.50	\$3.25	\$3	\$2.50	\$2

### La Estrella En Casa National Rates

Available to automobile dealer associations, and comparable industry associations or dealer groups in the Fort Worth/Dallas ADI and North Texas. Also available to employers advertising for positions outside Texas. Commissionable at 15% to recognized advertising agencies or recruitment agencies.

**In-column: Friday 1x** (prices per line)  
\$4.27

**Display:** (prices per column inch, ad runs twice within 7 days)

1x Contract	13x Contract	26x Contract
\$50.00	\$45.00	\$40.00

**Color Rates** (50 inch minimum)

1 color + Black	2 colors + Black	3 colors + Black
\$400	\$650	\$1000

All National advertising rates are gross. All other rates are net.