

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §

COUNTY OF JEFFERSON §

CITY OF BEVIL OAKS §

We, the undersigned officers of the City Council and City of the City of Bevil Oaks, Texas, hereby certify as follows:

1. The City Council of the City of Bevil Oaks, Texas, convened in regular meeting on the 19th day of March, 2015, at 7:00 p.m., at the regular meeting place thereof, within said City, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

| | |
|-----------------------|--|
| Rebecca Ford | Mayor |
| Robert Danny Fruge | Mayor Pro Tem, Councilmember, Ward III |
| Sherry Adams | Councilmember, Ward III |
| Jimmie L. Grimes | Councilmember, Ward II |
| Louis "Bud" Merendino | Councilmember, Ward I |
| Dave L. Tevis | Councilmember, Ward I |
| Fay Roberts | Councilmember, Ward II |

and all of said persons were present, except the following absentees: NONE, thus constituting a quorum. Whereupon, among other business, the following was transacted at said meeting: a written

ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF \$1,930,000 CITY OF BEVIL OAKS, TEXAS TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015; LEVYING TAXES TO PROVIDE FOR PAYMENT THEREOF; AND CONTAINING OTHER MATTERS RELATED THERETO


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

AYES: 7

NOES: 0

2. That a true, full and correct copy of the aforesaid ordinance adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that said ordinance has been duly recorded in said City Council's minutes of said meeting pertaining to the adoption of said ordinance; that the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes as indicated therein; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; that each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and purpose of the aforesaid meeting, and that said ordinance would be introduced and considered for adoption at said meeting, and each of said officers and members consented, in advance, to the holding of said meeting for such purpose; that said meeting was open to the public as required by law; and the public as required by law; and that public notice of the date, hour, place and subject of said meeting was given as required by Chapter 551 of the Texas Government Code Annotated, Vernon's 1994, as amended.

SIGNED AND SEALED this 19 day of March, 2015.


CITY CLERK
(S E A L)


MAYOR

ORDINANCE NO. 2015-243

ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF \$1,930,000 CITY OF BEVIL OAKS, TEXAS TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015; LEVYING TAXES TO PROVIDE FOR PAYMENT THEREOF; AND CONTAINING OTHER MATTERS RELATED THERETO

THE STATE OF TEXAS §

COUNTY OF JEFFERSON §

CITY OF BEVIL OAKS §

WHEREAS, the City Council of the **City of Bevil Oaks, Texas** (the "City"), has heretofore authorized the publication of a notice of intention to issue certificates of obligation to the effect that the City Council would meet on March 19, 2015, the date tentatively set for passage of an ordinance and such other action as may be deemed necessary to authorize the issuance of certificates of obligation payable from City ad valorem taxes and a pledge of certain net revenues of the City's water and sewer system, or as soon thereafter as may be practicable, for the purpose of evidencing the indebtedness of the City to finance the cost of constructing certain improvements to the City's wastewater treatment plant and sewer system, demolition work related thereto and construction of a force main sewer line and to pay for the cost of professional services incurred in connection therewith and the cost of issuance of such certificates of obligation; and

WHEREAS, such notice was published at the times and in the manner required by the Constitution and the laws of the State of Texas and the United States of America, respectively, particularly Chapter 271, Texas Local Government Code, as amended; and

WHEREAS, no petition or other request has been filed with or presented to any official of the City requesting that any of the proceedings authorizing such certificates of obligation be submitted to a referendum or other election; and

WHEREAS, the City Council of the City has determined to authorize such certificates of obligation for the purposes set out in this Ordinance; and

WHEREAS, the Certificates of Obligation hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271 of the Local Government Code, as amended; and

WHEREAS, the City Council finds and determines that the project being financed with the Certificates of Obligation hereinafter authorized will include demolition of the City's existing

wastewater treatment plant, which the City Council finds is necessary as part of the project to install the earthen wet weather flow storage basin and installation of related aeration equipment and is further necessary in order to protect the public from danger because to not demolish the plant would create a danger and safety hazard for the citizens of the City;

NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE CITY OF BEVIL OAKS, TEXAS:

1. Preamble. The matters, facts and finding contained in the preamble to this Ordinance are hereby found to be true and correct.

2. Definitions. Throughout this Ordinance, the following terms and expressions as used herein shall have the meanings set forth below:

The term "Bond Insurer" shall mean Assured Guaranty Municipal Corp.

The term "Business Day" shall mean any day which is not a Saturday, Sunday, a legal holiday, or a day on which the Registrar is authorized by law or executive order to close.

The term "Certificates" or "Series 2015 Certificates" shall mean the **City of Bevil Oaks, Texas, Tax and Revenue Certificates of Obligation, Series 2015**, authorized in this Ordinance, unless the context clearly indicates otherwise.

The term "City" shall mean the **City of Bevil Oaks, Texas**.

The term "Code" shall mean the Internal Revenue Code of 1986, as amended.

The term "Comptroller" shall mean the Comptroller of Public Accounts of the State of Texas.

The term "Construction Fund" shall mean the construction fund established by the City pursuant to Section 19 of this Ordinance.

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

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

The term "Interest and Sinking Fund" shall mean the interest and sinking fund established

by the City pursuant to Section 19 of this Ordinance.

The term "Interest Payment Date", when used in connection with any Certificate, shall mean August 1, 2015, and each February 1 and August 1 thereafter until maturity or earlier redemption.

The term "Issuance Date" shall mean the date on which the Certificates are authenticated by the Registrar and are delivered to and paid for by the Purchaser. Certificates delivered upon transfer of or in exchange for other Certificates shall bear the same issuance date as the Certificate or Certificates in lieu of or in exchange for which the new Certificate or Certificates may be delivered.

The term "Letter of Representation" shall mean the Letter of Representation delivered by the City to DTC.

The term "Municipal Bond Insurance Policy" shall mean the financial guaranty insurance policy issued by the Bond Insurer insuring the payment when due of the principal of and interest on the Certificates as provided therein.

The term "Ordinance" as used herein and in the Certificates shall mean this Ordinance authorizing the Certificates.

The term "Owner" or "Registered Owner", when used with respect to any Certificate, shall mean the person or entity in whose name such Certificate is registered in the Register.

The term "Paying Agent" shall mean the Registrar.

The term "Purchaser" shall mean **First Southwest Company**.

The term "Record Date" shall mean, for any Interest Payment Date, the 15th day of the month next preceding such Interest Payment Date.

The term "Register" shall mean the books of registration kept by the Registrar in which are maintained the names and addresses of and the principal amounts registered to each Owner.

The term "Registrar" shall mean **Amegy Bank National Association**, Houston, Texas, and its successors in that capacity.

The term "SEC" shall mean the United States Securities and Exchange Commission and its successors.

The term "Net Revenues" shall mean the revenues of the System remaining after deduction of the reasonable and necessary expenses of operation and maintenance of the System and all debt

service, reserve and other requirements in connection with the City's revenue bonds or other obligations (now or hereafter outstanding), which are payable from all or any part of the net revenues of the System.

The term "System" shall mean the City's water and sewer system.

3. Authorization. The Certificates shall be issued in fully registered form, without coupons, in the total authorized aggregate amount of **ONE MILLION NINE HUNDRED THIRTY THOUSAND DOLLARS (\$1,930,000.00)**, for the purpose of evidencing the indebtedness of the City to finance all or part of the cost of (i) demolishing the City's existing wastewater treatment plant located at 8200 Shipley, Bevil Oaks, Texas, (ii) constructing an earthen wet weather flow storage basin and installation of related aeration equipment to be located at 8200 Shipley, Bevil Oaks, Texas, (iii) upgrades, improvements to and rehabilitation of the City's existing lift station and related controls and electrical equipment, and (iv) constructing and installing a force main sewer line of approximately 13,225 linear feet, more or less, starting at the City's existing waste water treatment site located at 8200 Shipley, Bevil Oaks, Texas, and running generally in a southern and eastern direction to a point to connect to the City of Beaumont, Texas existing sanitary sewer force main line near and east of Tramm Road located in or near Beaumont, Texas, or such other connection point as designated by the City of Beaumont, Texas, in order to enable the City to obtain sewage waste treatment and disposal services from the City of Beaumont, Texas and (v) acquisition of any necessary right-of-ways and easements necessary as part of the construction and installation of such force main sewer line (the "Project") and the cost of professional services incurred in connection therewith and paying all costs of issuance of the Certificates. As part of constructing the earthen wet weather flow storage basin, this part of the Project will include a concrete bottom and concrete sides approximately two feet in height, the specifics of which will be set forth in the contract hereafter awarded and entered into by the City for the Project.

4. Designation, Date, and Interest Payment Dates. The Certificates shall be designated as the **"CITY OF BEVIL OAKS, TEXAS, TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2015"**, and shall be dated April 1, 2015. The Certificates shall bear interest from the later of the date the Certificates are delivered to the Purchaser, or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, interest payable on August 1, 2015 and semi-annually thereafter on February 1 and August 1 of each year until maturity or earlier redemption.

5. Certificates, Numbers and Denominations. The Certificates shall be issued bearing the numbers, in installments of principal amounts, and bearing interest at the rates set forth in the following schedule, and may be transferred and exchanged as set out in this Ordinance. The Certificates shall mature, subject to prior redemption in accordance with this Ordinance, on February 1 in each of the years and in the amounts set out in such schedule. Certificates delivered upon transfer of or in exchange for other Certificates shall be numbered in order of their authentication by the Registrar, shall be in the denomination of \$5,000 or integral multiples thereof,

and shall mature on the same date and bear interest at the same rate as the Certificate or Certificates in lieu of which they are delivered.

| <u>Certificate Number</u> | <u>Year of Maturity</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-------------------------------|-----------------------------|-----------------------------|--------------------------|
| R-1 | 2016 | \$ 75,000 | 2.00% |
| R-2 | 2017 | \$ 75,000 | 2.00% |
| R-3 | 2018 | \$ 75,000 | 2.00% |
| R-4 | 2019 | \$ 80,000 | 2.00% |
| R-5 | 2020 | \$ 80,000 | 2.00% |
| R-6 | 2021 | \$ 80,000 | 2.00% |
| R-7 | 2022 | \$ 85,000 | 2.00% |
| R-8 | 2024 | \$170,000 | 3.00% |
| R-9 | 2026 | \$185,000 | 4.00% |
| R-10 | 2028 | \$200,000 | 4.00% |
| R-11 | 2030 | \$215,000 | 4.00% |
| R-12 | 2032 | \$235,000 | 3.00% |
| R-13 | 2035 | \$375,000 | 3.00% |

6. Execution of Certificates; Seal. The Certificates shall initially be issued in the name of CEDE & CO., shall be signed by the Mayor of the City and countersigned by the City Clerk of the City, by their manual, lithographed, or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Certificates shall have the same effect as if each of the Certificates had been signed manually and in person by each of said officers, and such facsimile seal on the Certificates shall have the same effect as if the official seal of the City had been manually impressed upon each of the Certificates. If any officer of the City whose manual or facsimile signature shall appear on the Certificates shall cease to be such officer before the authentication of such Certificates or before the delivery of such Certificates, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

7. Approval by Attorney General; Registration by Comptroller. The Certificates to be initially issued shall be delivered to the Attorney General of the State of Texas for approval and shall be registered by the Comptroller of Public Accounts of the State of Texas. The manually executed registration certificate of the Comptroller of Public Accounts substantially in the form provided in Section 17 of this Ordinance shall be attached or affixed to the initial Certificates.

8. Authentication. Except for the Certificates to be initially issued, which need not be authenticated by the Registrar, only Certificates which bear thereon a certificate of authentication,

substantially in the form provided in Section 17 of this Ordinance, manually executed by an authorized representative of the Registrar, shall be entitled to the benefits of this Ordinance or shall be valid or obligatory for any purpose. Such duly executed certificate of authentication shall be conclusive evidence that the Certificates so authenticated were delivered by the Registrar hereunder. The Registrar shall not authenticate any Certificates until the initially issued Certificates have been canceled.

9. Payment of Principal and Interest. The Registrar is hereby appointed as the paying agent for the Certificates. The principal of the Certificates shall be payable, without exchange or collection charges, in any coin or currency of the United States of America which, on the date of payment, is legal tender for the payment of debts due the United States of America, upon their presentation and surrender as they become due and payable, at the designated corporate trust office of the Registrar. The interest on each Certificate shall be payable by check payable on the Interest Payment Date, mailed by the Registrar on or before each Interest Payment Date to the Owner of record as of the Record Date, to the address of such Owner as shown on the Register.

If the date for payment of the principal of or interest on any Certificate is not a Business Day, then the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due.

10. Successor Registrars. The City covenants that at all times while any Certificates are outstanding it will provide a bank, trust company, financial institution or other entity duly qualified and duly authorized to act as Registrar for the Certificates. The City reserves the right to change the Registrar on not less than sixty (60) days' written notice to the Registrar, so long as any such notice is effective not less than sixty (60) days prior to the next succeeding principal or interest payment date on the Certificates. Promptly upon the appointment of any successor Registrar, the previous Registrar shall deliver the Register or copies thereof to the new Registrar, and the new Registrar shall notify each Owner, by United States mail, first class postage prepaid, of such change and of the address of the new Registrar. Each Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Section.

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

12. Ownership; Unclaimed Principal and Interest. The City, the Registrar and any other

person may treat the person in whose name any Certificate is registered as the absolute Owner of such Certificate for the purpose of making payment of principal or interest on such Certificate, and for all other purposes, whether or not such Certificate is overdue, and neither the City nor the Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of any Certificate in accordance with this Section 12 shall be valid and effectual and shall discharge the liability of the City and the Registrar upon such Certificate to the extent of the sums paid.

Amounts held by the Registrar which represent principal of and interest on the Certificates remaining unclaimed by the Owner after the expiration of three (3) years from the date such amounts have become due and payable shall be reported and disposed of by the Registrar in accordance with the provisions of Texas law, including to the extent applicable, Title 6 of the Texas Property Code, as amended.

13. Registration, Transfer, and Exchange; Special Election for Uncertificated Certificates. So long as any Certificates remain outstanding, the Registrar shall keep the Register at its principal corporate trust office and, subject to such reasonable regulations as it may prescribe, the Registrar shall provide for the registration and transfer of Certificates in accordance with the terms of this Ordinance.

Each Certificate shall be transferable only upon the presentation and surrender thereof at the principal corporate trust office of the Registrar, duly endorsed for transfer, or accompanied by an assignment duly executed by the registered Owner or his authorized representative in form satisfactory to the Registrar. Upon due presentation of any Certificate for transfer, the Registrar shall authenticate and deliver in exchange therefor, within three (3) Business Days after such presentation, a new Certificate or Certificates, registered in the name of the transferee or transferees, in authorized denominations and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Certificate or Certificates so presented.

All Certificates shall be exchangeable upon presentation and surrender thereof at the principal corporate trust office of the Registrar for a Certificate or Certificates of the same maturity and interest rate in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Certificate or Certificates presented for exchange. The Registrar shall be and is hereby authorized to authenticate and deliver exchange Certificates in accordance with the provisions of this Section 13. Each Certificate delivered in accordance with this Section 13 shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such Certificate is delivered.

The City or the Registrar may require the Owner of any Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Certificate. Any fee or charge of the Registrar for such transfer or exchange shall be paid by the City.

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

Notwithstanding any other provision hereof, unless otherwise specifically instructed by the Purchaser, the ownership of the Certificates shall be registered in the name of Cede & Co., as nominee of DTC, and except as otherwise provided in this Section, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC. The definitive Certificates shall be initially issued in the form of a single separate certificate for each of the maturities thereof. If the Purchaser shall elect to invoke the provisions of this Section, then the City shall not discontinue the use of the DTC without the consent of the Purchaser, and the following provisions shall take effect with respect to the Certificates.

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

In the event that the City or the Registrar determines that DTC is incapable of discharging

its responsibilities described herein and in the Letter of Representation and that it is in the best interest of the beneficial Owners of the Certificates that they be able to obtain certificated Certificates, or if DTC Participants owning at least 50% of the Certificates outstanding based on current records of the DTC determine that continuation of the system of book-entry transfers through the DTC (or a successor securities depository) is not in the best interest of such beneficial Owners of the Certificates, or in the event DTC discontinues the services described herein, the City or the Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, and notify DTC of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

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

14. Mutilated, Lost, or Stolen Certificates. Upon the presentation and surrender to the Registrar of a mutilated Certificate, the Registrar shall authenticate and deliver in exchange therefor a replacement Certificate of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. If any Certificate is lost, apparently destroyed, or wrongfully taken, the City, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Certificate has been acquired by a bona fide purchaser, shall execute and the Registrar shall authenticate and deliver a replacement Certificate of like amount, bearing a number not contemporaneously outstanding.

The City or the Registrar may require the Owner of a mutilated Certificate to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith and any other associated expenses, including the fees and expenses of the Registrar.

The City or the Registrar may require the Owner of a lost, apparently destroyed or wrongfully taken Certificate, before any replacement Certificate is issued, to:

- (1) furnish to the City and the Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Certificate;
- (2) furnish such security or indemnity as may be required by the Registrar and

the City to save them harmless;

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

(4) meet any other reasonable requirements of the City and the Registrar.

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

If any such mutilated, lost, apparently destroyed or wrongfully taken Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a replacement Certificate, authorize the Registrar to pay such Certificate.

Each replacement Certificate delivered in accordance with this Section 14 shall be entitled to the benefits and security of this Ordinance to the same extent as the Certificate or Certificates in lieu of which such replacement Certificate is delivered.

15. Cancellation of Certificates. All Certificates paid in accordance with this Ordinance, and all Certificates in lieu of which exchange Certificates or replacement Certificates are authenticated and delivered in accordance herewith, shall be cancelled and destroyed upon the making of proper records regarding such payment. The Registrar shall furnish the City with appropriate certificates of destruction of such Certificates.

16. Optional and Mandatory Redemption. The City reserves the right, at its option, to redeem Certificates having stated maturities on and after February 1, 2025, in whole or in part, on February 1, 2024, or any date thereafter, at a price of par plus accrued interest to the date fixed for redemption. If less than all of the Certificates are to be redeemed, the Registrar shall select by lot the Certificates, or portions thereof, to be redeemed.

The Certificates maturing in the years 2024, 2026, 2028, 2030, 2032 and 2035 (the "Term Certificates") are also subject to mandatory redemption prior to scheduled maturity, in the amount, on the date, and on the terms set out in the form of Certificates in this Ordinance, at a price of par plus accrued interest to the date fixed for redemption.

Certificates may be redeemed only in integral multiples of \$5,000. If a Certificate subject to

redemption is in a denomination larger than \$5,000, a portion of such Certificate may be redeemed, but only in integral multiples of \$5,000. Upon surrender of any Certificate for redemption in part, the Registrar, in accordance with Section 13 hereof, shall authenticate and deliver in exchange therefor a Certificate or Certificates of like maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Certificate so surrendered.

Not less than thirty (30) days prior to any redemption of the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to each Owner of each Certificate to be redeemed in whole or in part, at the address of the Owner appearing on the Register at the close of business on the Business Day next preceding the date of the mailing of such notice. Such notice shall state the redemption date, the redemption price, the place at which Certificates are to be surrendered for payment and, if less than all the Certificates are to be redeemed, the numbers of the Certificates or portions thereof to be redeemed. Any notice of redemption so mailed shall be conclusively presumed to have been duly given whether or not the Owner receives such notice. By the date fixed for redemption, due provision shall be made with the Registrar for payment of the redemption price of the Certificates or portions thereof to be redeemed.

When Certificates have been called for redemption in whole or in part and due provision made to redeem the same as herein provided, the Certificates or portions thereof so redeemed shall no longer be regarded as outstanding except for the purpose of being paid solely from the funds so provided for redemption, and the rights of the Owners to collect interest which would otherwise accrue after the redemption date on any Certificate or portion thereof called for redemption shall terminate on the date fixed for redemption.

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

17. Forms. The form of the Certificates, including the form of the Registrar's Authentication Certificate, the form of Assignment, and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas which shall be attached or affixed to the Certificates initially issued shall be, respectively, substantially as follows, with such additions, deletions and variations as may be necessary or desirable and not prohibited by this Ordinance:

(Face of Certificate)

UNITED STATES OF AMERICA
STATE OF TEXAS
COUNTY OF JEFFERSON

NUMBER
R-____
REGISTERED

DENOMINATION
\$ _____
REGISTERED

CITY OF BEVIL OAKS, TEXAS
TAX AND REVENUE CERTIFICATE OF OBLIGATION
SERIES 2015

INTEREST RATE: MATURITY DATE: DATED DATE: CUSIP:

February 1, _____ April 1, 2015

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ISSUANCE DATE:

THE CITY OF BEVIL OAKS, TEXAS (the "City"), promises to pay to the registered owner identified above, or registered assigns, on the date specified above, upon presentation and surrender of this certificate at the designated corporate trust office of Amegy Bank National Association (the "Registrar"), in Houston, Texas, the principal amount identified above, payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360-day year of twelve 30-day months, from the later of the Issuance Date of this Certificate or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Certificate is payable by check on August 1, 2015 and semi-annually thereafter on each February 1 and August 1 mailed to the registered owner as shown on the books of registration kept by the Registrar as of the 15th business day of the month next preceding each interest payment date.

THIS CERTIFICATE is one of a duly authorized issue of Certificates of Obligation, aggregating \$1,930,000 (the "Certificates"), issued in accordance with the Constitution and the laws of the State of Texas, particularly Chapter 271, Texas Local Government Code, as amended, for the purpose of evidencing the indebtedness of the City to finance all or part of the cost of (i) demolishing the City's existing wastewater treatment plant located at 8200 Shipley, Bevil Oaks, Texas, (ii) constructing an earthen wet weather flow storage basin and installation of related aeration equipment to be located at 8200 Shipley, Bevil Oaks, Texas, to include a concrete floor and concrete sides of approximately two feet in height, (iii) upgrades, improvements to and rehabilitation of the City's existing lift station and related controls and electrical equipment, and (iv) constructing and installing a force main sewer line of approximately 13,225 linear feet, more or less, starting at the City's existing waste water treatment site located at 8200 Shipley, Bevil Oaks, Texas, and running generally in a southern and eastern direction to a point to connect to the City of Beaumont, Texas existing sanitary sewer force main line near and east of Tramm Road located in or near Beaumont, Texas, or such other connection point as designated by the City of Beaumont, Texas, in order to enable the City to obtain sewage waste treatment and disposal services from the City of Beaumont, Texas and (v) acquisition of any necessary right-of-ways and easements necessary as part of the construction and installation of such force main sewer line (the "Project") and to pay the cost of professional services incurred in connection therewith and paying all costs of issuance of the Certificates, pursuant to an ordinance duly adopted by the City Council of the City on March 19, 2015 (the "Ordinance"), which Ordinance is of record in the official minutes of the City Council.

THE CITY RESERVES THE RIGHT, at its option, to redeem the Certificates having stated maturities on or after February 1, 2025, in whole or in part, on February 1, 2024 or any date thereafter, in integral multiples of \$5,000, at a price of par plus accrued interest to the date fixed for redemption. Reference is made to the Ordinance for complete details concerning the manner of redeeming the Certificates.

THE CERTIFICATES maturing in the years 2024, 2026, 2028, 2030, 2032 and 2035 (the "Term Certificates") are also subject to mandatory redemption prior to maturity in the amounts and on the dates set out below, at a price equal to the principal amount to be redeemed plus accrued interest to the redemption date:

TERM CERTIFICATES DUE FEBRUARY 1, 2024

| <u>Date</u> | <u>Amount</u> |
|---------------------|---------------|
| 2/1/2023 | \$85,000 |
| 2/1/2024 (Maturity) | \$85,000 |

TERM CERTIFICATES DUE FEBRUARY 1, 2026

| <u>Date</u> | <u>Amount</u> |
|---------------------|---------------|
| 2/1/2025 | \$90,000 |
| 2/1/2026 (Maturity) | \$95,000 |

TERM CERTIFICATES DUE FEBRUARY 1, 2028

| <u>Date</u> | <u>Amount</u> |
|---------------------|---------------|
| 2/1/2027 | \$100,000 |
| 2/1/2028 (Maturity) | \$100,000 |

TERM CERTIFICATES DUE FEBRUARY 1, 2030

| <u>Date</u> | <u>Amount</u> |
|---------------------|---------------|
| 2/1/2029 | \$105,000 |
| 2/1/2030 (Maturity) | \$110,000 |

TERM CERTIFICATES DUE FEBRUARY 1, 2032

| <u>Date</u> | <u>Amount</u> |
|---------------------|---------------|
| 2/1/2031 | \$115,000 |
| 2/1/2032 (Maturity) | \$120,000 |

TERM CERTIFICATES DUE FEBRUARY 1, 2035

| <u>Date</u> | <u>Amount</u> |
|---------------------|---------------|
| 2/1/2033 | \$120,000 |
| 2/1/2034 | \$125,000 |
| 2/1/2035 (Maturity) | \$130,000 |

The Paying Agent shall select for redemption by lot, or by any other customary method that results in random selection, a principal amount of Term Certificates equal to the aggregate principal amount of such Term Certificates to be redeemed, shall call such Term Certificates for redemption on the scheduled mandatory redemption date, and shall give notice of such redemption in accordance with the Certificate Ordinance. The principal amount of Term Certificates required to be mandatorily redeemed shall be reduced by the principal amount of Term Certificates which, at least 45 days prior to the mandatory redemption date, shall have been delivered to the Registrar for

cancellation or shall have been optionally redeemed and not previously credited against a mandatory redemption requirement.

NOTICE OF ANY REDEMPTION shall be given at least thirty (30) days prior the date fixed for redemption by first class mail, addressed to the registered owner of each Certificate to be redeemed in whole or in part at the address shown on the books of registration kept by the Registrar. When Certificates or portions thereof have been called for redemption and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption and interest which would otherwise accrue on the amounts called for redemption shall terminate on the date fixed for redemption.

THIS CERTIFICATE is transferable only upon presentation and surrender at the principal corporate trust office of the Registrar, duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Ordinance.

THE CERTIFICATES are exchangeable at the principal corporate trust office of the Registrar for Certificates in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of this Ordinance.

NEITHER THE CITY NOR THE REGISTRAR shall be required to transfer or exchange any Certificate called for redemption, in whole or in part, within forty-five (45) days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the Owner of the unredeemed balance of a Certificate called for redemption in part.

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

THE REGISTERED OWNER of this Certificate, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Ordinance.

THE CITY has covenanted in the Ordinance that it will at all times provide a legally qualified registrar for the Certificates and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Certificate have been performed, exist and have been done in accordance with law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such

interest comes due and such principal matures, have been levied and ordered to be levied, within the limits prescribed by law, against all taxable property in the City, and have been pledged irrevocably for such payment.

IT IS FURTHER certified, recited and represented that the Net Revenues to be derived from the operation of the City's waterworks and sewer system (the "System"), but only to the extent of and in an amount not to exceed One Thousand Dollars (\$1,000.00) in the aggregate, are also pledged to the payment of the principal of and interest on this Certificate and the series of Certificates of which it is a part to the extent that taxes may ever be insufficient or unavailable for said purpose, all as set forth in the Ordinance to which reference is made for all particulars; provided, however, that such pledge of Net Revenues is and shall be junior and subordinate in all respects to the pledge of such Net Revenues to the payment of any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of such Net Revenues to the payment of this Certificate and that series of Certificates of which it is a part, and the City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Net Revenues of the System, secured by a pledge of the Net Revenues of the System that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of Net Revenues securing this Certificate and the series of Certificates of which it is a part.

IN WITNESS WHEREOF, this Certificate has been signed with the manual or facsimile signature of the Mayor of the City and countersigned with the manual or facsimile signature of the City Clerk of the City and the official seal of the City has been duly impressed, or placed in facsimile, on this Certificate.

(SEAL)

CITY OF BEVIL OAKS, TEXAS

Mayor

City Clerk

Form of Registration Certificate
of Comptroller of Public Accounts

COMPTROLLER'S REGISTRATION CERTIFICATE:
REGISTER NO. _____

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

WITNESS MY SIGNATURE AND SEAL this ____ day of _____, 2015.

(Seal)

Xxxxxxxx
Comptroller of Public Accounts
of the State of Texas

Form of Registrar's Authentication Certificate

AUTHENTICATION CERTIFICATE

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

Amegy Bank National Association

By: _____
Authorized Signature
Date of Authentication _____

Form of Assignment

ASSIGNMENT

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

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

(Please insert Social Security or Taxpayer Identification Number of Transferee)

the within certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

_____ attorney to transfer said certificate on the books

kept for registration thereof, with full power of substitution in the premises.

DATED: _____

Signature Guaranteed:

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

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

Form of Statement of Insurance

STATEMENT OF INSURANCE

Assured Guaranty Municipal Corp. ("AGM"), New York, New York, has delivered its municipal bond insurance policy (the "Policy") with respect to the scheduled payments due of principal of and interest on this Bond to **Amegy Bank National Association, Houston, Texas**, or its successor, as paying agent for the Certificates (the "Paying Agent"). Said Policy is on file and available for inspection at the principal office of the Paying Agent and a copy thereof may be obtained from AGM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. The owner of this Certificate acknowledges and consents to the subrogation rights of AGM as more fully set forth in the Policy.

18. Legal Opinion; Cusip Numbers. The approving opinion of Creighton, Fox, Johnson & Mills, PLLC, Beaumont, Texas, Bond Counsel, and CUSIP Numbers may be printed on the Certificates, but errors or omissions in the printing of such opinion or such numbers shall have no effect on the validity of the Certificates.

19. Interest and Sinking Fund; Tax Levy; Pledge of Net Revenues; Construction Fund.

(a) The proceeds from all taxes levied, assessed and collected for and on account of the Certificates authorized by this Ordinance are hereby irrevocably pledged and shall be deposited, as collected, in a special fund to be designated "City of Bevil Oaks, Texas, Tax and Revenue Certificates of Obligation, Series 2015, Interest and Sinking Fund". While the Certificates or any part of the principal thereof or interest thereon remain outstanding and unpaid, there is hereby

levied and there shall be annually levied, assessed and collected in due time, form and manner within the limits prescribed by law, and at the same time other City taxes are levied, assessed and collected, in each year, beginning with the current year, a continuing direct annual ad valorem tax upon all taxable property in the City sufficient to pay the current interest on the Certificates as the same becomes due, but never less than 2% of the original principal amount of the Certificates, and to provide and maintain a sinking fund adequate to pay the principal of the Certificates as such principal matures in each year, full allowance being made for delinquencies and costs of collection, and said taxes when collected shall be applied to the payment of the interest on and principal of the Certificates and to no other purpose. To pay the interest coming due on the Certificates on August 1, 2015, there is hereby appropriated from current funds on hand, which are certified to be on hand and available for such purpose, an amount sufficient to pay such interest, and such amount shall be used for no other purpose.

(b) The Net Revenues of the System, but only to the extent of and in an amount not to exceed \$1,000 in the aggregate, are hereby irrevocably pledged to the payment of the principal of and interest on the Certificates as the same come due; provided, however, that such pledge of Net Revenues is and shall be junior and subordinate in all respects to the pledge of the Net Revenues to the payment of any obligation of the City, whether authorized heretofore or hereafter, which the City designates as having a pledge senior to the pledge of such Net Revenues to the payment of the Certificates; and the City also reserves the right to issue, for any lawful purpose at any time, in one or more installments, bonds, certificates of obligation and other obligations of any kind payable in whole or in part from the Net Revenues of the System that may be prior and superior in right to, on a parity with, or junior and subordinate to the pledge of Net Revenues securing this series of Certificates.

(c) There is hereby created and there shall be established on the books of the City a separate account to be entitled the "City of Bevil Oaks, Texas, Tax and Revenue Certificates of Obligation, Series 2015, Construction Fund". Immediately after the sale and delivery of the Certificates, that portion of the proceeds of the Certificates to be used for paying all or any part of the cost of the Project, the cost of professional services incurred in connection therewith, and the issuance costs of the Certificates shall be deposited into the Construction Fund and disbursed for such purposes. Upon completion of the Project, the monies, if any, remaining in the Construction Fund shall be transferred and deposited by the City into the Interest and Sinking Fund.

20. Further Proceedings. After the Certificates shall have been executed, it shall be the duty of the Mayor or City Clerk of the City to deliver the Certificates to be initially issued and all pertinent records and proceedings to the Attorney General of the State of Texas for examination and approval. After the Certificates to be initially issued shall have been approved by the Attorney General of the State of Texas, the Certificates shall be delivered to the Comptroller of Public Accounts of the State of Texas for registration. Upon registration of the Certificates to be initially issued, the Comptroller of Public Accounts (or a deputy lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's Registration Certificate prescribed herein to be

affixed or attached to the Certificates to be initially issued, and the seal of the Comptroller shall be impressed, or placed in facsimile, thereon. In addition, the Mayor, City Clerk and other appropriate officials of the City are hereby authorized and directed to do any and all things necessary or convenient to carry out the purposes of this Ordinance.

Any one or more of the Mayor, the City Attorney or the City Clerk 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 Certificates. In addition, prior to the initial delivery of the Certificates, the Mayor, the City Attorney and the City Clerk, are each hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any technical 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 Certificates by the Attorney General and if such officer or counsel determines that such ministerial 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.

21. Sale of Certificates and Certificate Insurance. The award, sale and delivery of the Certificates to the Purchaser at a price of \$1,930,000.00, plus a net cash premium of \$47,738.70 (which net cash premium includes a premium of \$82,295.35, less an underwriter's discount of \$23,356.65 and less the cost of the Municipal Bond Insurance Policy paid by the Purchaser of \$11,200.00), is hereby authorized, approved, ratified and confirmed subject to the approving opinion as to the legality of the Certificates of the Attorney General of the State of Texas, and of Creighton, Fox, Johnson & Mills, PLLC, Bond Counsel; and it is hereby determined that the Purchaser's bid is the best bid for the Certificates as a result of invitations for competitive bids in compliance with the Texas Local Government Code.

The City hereby ratifies, authorizes and approves, in connection with the sale of the Bonds, the preparation and distribution of the Preliminary Official Statement dated March 11 2015, the Official Notice of Sale and Bidding Instructions dated March 11, 2015, and an Official Statement dated March 19, 2015. The appropriate officials of the City are hereby authorized to sign such Official Statement and/or to deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Certificates.

The purchase of and payment of the premium for the Municipal Bond Insurance Policy by the Purchaser, in accordance with the terms of a commitment for such insurance presented to and

hereby approved by the City is hereby authorized. All officials and representatives of the City are authorized and directed to execute such documents and to do any and all things necessary or desirable to obtain such insurance, and the printing on the Certificates of an appropriate legend regarding such insurance is hereby approved.

22. Defeasance. The City may defease the provisions of this Ordinance and discharge its obligation to the Owners of any or all of the Certificates to pay principal, interest and redemption premium, if any, thereon in any manner permitted by law.

23. Tax Exemption. (a) The City intends that the interest on the Certificates shall be excludable from gross income for purposes of federal income taxation pursuant to Sections 103 and 141 through 150 of the Code, and applicable regulations. The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that if taken or omitted, respectively, would cause the interest on the Certificates to be includable in gross income, as defined in Section 61 of the Code, of the holders thereof for purposes of federal income taxation. In particular, the City covenants and agrees to comply with each requirement of this Section; provided, however, that the City shall not be required to comply with any particular requirement of this Section if the City has received an opinion of nationally recognized bond counsel (a "Counsel's Opinion") that such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Certificates or if the City has received a Counsel's Opinion to the effect that compliance with some other requirement set forth in this Section will satisfy the applicable requirements of the Code, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section.

(b) The City covenants and agrees that its use of Net Proceeds of the Certificates will at all times satisfy the following requirements:

(i) The City will use all of the Net Proceeds of the Certificates for financing the Project and to pay the professional fees described in Section 3 and for payment of the costs of issuing the Certificates. The City has limited and will limit with respect to the Certificates the amount of original or investment proceeds thereof to be used (other than use as a member of the general public) in the trade or business of any person other than a governmental unit to an amount aggregating no more than 10% of the Net Proceeds of the Certificates ("private-use proceeds"). For purposes of this Section, the term "person" includes any individual, corporation, partnership, unincorporated association, or any other entity capable of carrying on a trade or business; and the term "trade or business" means, with respect to any natural person, any activity regularly carried on for profit and, with respect to persons other than natural persons, any activity other than an activity carried on by a governmental unit. Any use of proceeds of the Certificates in any manner contrary to the guidelines set forth in Revenue Procedure 93-19, including any revisions or amendments thereto, shall constitute the use of such proceeds in the trade or business of one

who is not a governmental unit;

(ii) The City has not permitted and will not permit more than 5% of the Net Proceeds of the Certificates to be used in the trade or business of any person other than a governmental unit if such use is unrelated to the governmental purpose of the Certificates. Further, the amount of private-use proceeds of the Certificates in excess of 5% of the Net Proceeds thereof ("excess private-use proceeds") did not and will not exceed the proceeds of the Certificates expended for the governmental purpose of the Certificates to which such excess private-use proceeds relate;

(iii) Principal of and interest on the Certificates shall be paid solely from ad valorem tax receipts collected by the City and the Net Revenues of the System to the extent pledged hereunder. Further, no person using more than 10% of the Net Proceeds of the Certificates in a trade or business, other than a governmental unit, has made or shall make payments (other than as a member of the general public), directly or indirectly, accounting for more than 10% of such receipts;

(iv) The City has not permitted and will not permit with respect to the Certificates an amount of proceeds thereof exceeding the lesser of (a) \$5,000,000 or (b) 5% of the Net Proceeds of the Certificates to be used, directly or indirectly, to finance loans to persons other than a governmental unit; and

(v) The City will use a portion of the Net Proceeds of the Certificates to pay the costs of issuance of the Certificates.

When used in this Section, the term "Net Proceeds" of the Certificates shall mean the proceeds from the sale thereof to the Purchaser, including investment earnings on such proceeds, less accrued interest with respect to such issue.

(c) The City covenants and agrees not to take any action, or knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Certificates to be "federally guaranteed" within the meaning of Section 149(b) of the Code and applicable regulations thereunder, except as permitted by Section 149(b)(3) of the Code and such regulations.

(d) The City shall certify, through an authorized officer, employee or agent, that based upon all facts and estimates known or reasonably expected to be in existence on the date the Certificates are delivered, the City will reasonably expect that the proceeds of the Certificates will not be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of Section 148(a) of the Code and applicable regulations thereunder. Moreover, the City covenants and agrees that it will make such use of the proceeds of the Certificates, including interest or other investment income derived from the proceeds of the Certificates, regulate investments of such proceeds and amounts, and take such other and further action as may be

required so that the Certificates will not be "arbitrage bonds" within the meaning of Section 148(a) of the Code and applicable regulations thereunder.

(e) The City will take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the "gross proceeds" of the Certificates (within the meaning of Section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the City will (i) maintain records regarding the investment of the gross proceeds of the Certificates as may be required to calculate the amount earned on the investment of the gross proceeds of the Certificates separately from records of amounts on deposit in the funds and accounts of the City allocable to other bond issues of the City or moneys which do not represent gross proceeds of any bonds of the City, (ii) calculate at such times as are required by applicable regulations, the amount earned from the investment of the gross proceeds of the Certificates which is required to be rebated to the federal government, and (iii) pay, not less often than every 5th anniversary date of the delivery of the Certificates, and within sixty (60) days after retirement of the Certificates, all amounts required to be rebated to the federal government. Further, the City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Certificates that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(f) The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Certificates are issued, an information statement concerning the Certificates, all under and in accordance with Section 149(e) of the Code and applicable regulations thereunder.

(g) Qualified Tax-Exempt Obligations. The City hereby designates the Certificates as qualified tax-exempt obligations for purposes of Section 265(b)(3) of the Code. The Certificates issued are not "private activity bonds" as defined by Section 141 of the Code. After the Certificates are issued, the City and any governmental entities controlled by it will not have designated more than \$10,000,000.00 of obligations issued during calendar year 2015 as qualified tax-exempt obligations and the City and any governmental entities controlled by it reasonably anticipate that the total amount of tax-exempt obligations to be issued by the City during calendar year 2015 will not exceed \$10,000,000.00.

Section 24. Application of Proceeds. Proceeds from the sale of the Certificates shall, promptly upon receipt by the City, be applied as follows:

- (a) \$92,438.70 from the sale of the Certificates shall be used to pay the costs of issuing the Certificates not later than 90 days after such issuance, with any remainder thereof to be deposited in the Series 2015 Certificates of Obligation Construction

Fund; and

- (c) The remaining proceeds from the sale of the Certificates, together with investment earnings thereof, shall, subject to the provisions of Section 19(c) above, be deposited into the Series 2015 Certificates of Obligation Construction Fund and used for the purposes set out in Section 3 of this Ordinance, with any remainder constituting to be deposited into the Series 2015 Certificates of Obligation Interest and Sinking Fund. Any investment of the proceeds of the Certificates shall be subject to the Public Funds Investment Act.

25. Open Meeting. The meeting at which this Ordinance was adopted was open to the public, and public notice of the time, place and purpose of said meeting, was given, all as required by Chapter 551 of the Texas Government Code Annotated, Vernon's 1994, as amended, and such notice as given is hereby authorized, approved, adopted and ratified.

26. Registrar. The form of agreement setting forth the duties of the Registrar is hereby approved, and the appropriate officials of the City are hereby authorized to execute such agreement for and on behalf of the City.

27. Partial Invalidity. If any Section, paragraph, clause or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause or provision shall not affect any of the remaining provisions of this Ordinance.

28. Related Matters. To satisfy in a timely manner all of the City's obligations under this Ordinance, the Mayor, the City Attorney, the City Clerk, and all other appropriate officers and agents of the City are hereby authorized and directed to take all other actions that are reasonably necessary to provide for issuance of the Certificates, including, without limitation, executing and delivering on behalf of the City all certificates, consents, receipts, requests and other documents as may be reasonably necessary to satisfy the City's obligations under this Ordinance and to direct the application of funds of the City consistent with the provisions hereof.

29. No Personal Liability. No recourse shall be had for payment of the principal of or premium, if any, or interest on Certificate, or for any claim based thereon, or under this Ordinance, against any official or employee of the City or any person executing any Certificate.

30. Additional Obligations. To the extent required by applicable law, the City covenants to comply with the requirements for continuing disclosure on an ongoing basis in the manner and to the extent required by Securities and Exchange Commission ("SEC") Rule 15c2-12 and determined as if the Purchaser were a Participating Underwriter within the meaning of such rule, such continuing disclosure undertaking being for the benefit of the Purchaser and the beneficial owner of the Certificates, if the Purchaser sells or otherwise transfers the Certificates, and

the beneficial owners of the Purchaser's Certificates if the City is an obligated person with respect to such certificates under SEC Rule 15c2-12. Without limiting the generality of the foregoing, the City undertakes and agrees, in accordance with SEC Rule 15c2-12(d)(2), that so long as the City is obligated to advance funds to pay the Certificates, the City will provide and file with the Municipal Securities Rulemaking Board ("MSRB") certain financial information and operating data which is customarily prepared by the City and is publically available and timely notice of certain specified events. Such information will be provided in electronic format, as prescribed by the MSRB and will be made available free of charge via the Electronic Municipal Market Access ("EMMA") system at www.emma.msrb.org. Such information may also be obtained from the City at Bevil Oaks City hall, which is currently located at 7525 Sweetgum, Bevil Oaks, Texas 77713, Attention: Mayor. The information to be provided and updated is the quantitative financial information and operating data with respect to the City of the general type included in the City's annual financial statements, and such information will be provided when the audited financial statements become available. Financial statements so to be provided shall be audited and prepared in accordance with the accounting principles described in the notes to the financial statements for the most recently concluded fiscal years. The financial information and operating data to be provided pursuant to this undertaking and agreement may be set forth in one or more documents or may be included by specific reference to any document, including an official statement or other offering document, if it is available from the MSRB, that theretofore has been provided to the MSFB or filed with the SEC. Such information will be provided and filed by the City on or before six months after the end of the City's fiscal year. The City's current fiscal year end is September 30. Accordingly, the City must provide updated information by the last day of March 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.

The City will also provided the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner (and not more than 10 business days after occurrence of the event), notice of any of the following events with respect to the Certificates, if material within the meaning of the federal security laws to a decision to purchase or sell Certificates:

- i. Principal and interest payment delinquencies;
- ii. Non-payment related defaults, if material;
- iii. Unscheduled draws on debt service reserves reflecting financial difficulties;
- iv. Unscheduled draws on credit enhancements reflecting financial difficulties;
- v. Substitution of credit or liquidity providers, or their failure to perform;
- vi. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB), or other material notices of determinations with respect to the federal income tax status of the

Certificates, or other material events affecting the tax status of the Certificates;

- vii. Modifications to rights of Certificate holders, if material;
- viii. Certificate calls, if material, and tender offers;
- ix. Defeasances;
- x. Release, substitution or sale of property securing repayment of the Certificates, if material;
- xi. Rating changes;
- xii. bankruptcy, insolvency, receivership, or similar event of the City, which shall occur as described below;
- xiii. The consummation of a merger, consolidation, or acquisition involving the City or the sale or all or substantially all of its assets, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- xiv. Appointment of a successor or additional trustee or the change of name of a true, if material.

In addition, the City will provide to the MSRB, in a timely manner, notice of any failure by the City to provide the required annual financial information described above and notices of material events in accordance with this Section.

For these purposes, any event described in the immediately preceding paragraph xii 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 any order confirming a plan or 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 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 identified below or filed with the United States 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 and operating data by the required time and audited financial statements when and if such audited financial statements become available.

These undertakings and agreements are subject to appropriation of necessary funds and to applicable legal restrictions, if any.

The City's obligation to update information and to provide notices of material events shall be limited to the agreements herein. The City shall not be obligated to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects and shall not be obligated to update any information that is provided, except as described herein. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Bonds at any future date. THE CITY DISCLAIMS ANY CONTRACTUAL OR TORT LIABILITY FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ITS CONTINUING DISCLOSURE AGREEMENT OR FROM ANY STATEMENT MADE PURSUANT TO ITS AGREEMENT. HOLDERS OR BENEFICIAL OWNERS OF BONDS MAY SEEK AS THEIR SOLE REMEDY A WRIT OF MANDAMUS TO COMPEL THE CITY TO COMPLY WITH THIS AGREEMENT. No default by the City with respect to its continuing disclosure agreement shall constitute a breach of or default under this Order for purposes of any other provision of this Order. Nothing in this paragraph is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The City may amend its continuing disclosure obligations and agreement in this Section 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 if the agreement, as amended, would have permitted the Purchaser to purchase or sell the Bonds in the original primary offering in compliance with SEC Rule 15c2-12, taking into account any amendments or interpretations of such Rule to the date of such amendment, as well as such changed circumstances, and either the holders of a majority in aggregate principal amount of the outstanding Bonds consent or any person unaffiliated with the City (such as nationally recognized bond counsel) determines the amendment will not materially impair the interests of the holders and beneficial owners of the Bonds. The City may also amend or repeal the obligations and agreement in this Section if the SEC amends or repeals the applicable provisions of Rule 15c2-12 or a court of final jurisdiction determines that such provisions are invalid, and the City may amend the agreement in its discretion in any other circumstance or manner, but in either case only to the extent that its right to do so would not prevent the Purchaser from lawfully purchasing or reselling the Bonds in the primary offering of the Bonds in compliance with Rule 15c2-12. If the City amends its agreement, it must include with the

next financial information and operating data provided in accordance with its agreement an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of information and operating data so provided.

The City's continuing obligation to provide annual financial information and operating data and notices of events will terminate if and when the City no longer remains an "obligated person" (as such term is defined in SEC Rule 15c2-12) with respect to the Bonds.

31. Repealer. All orders, resolutions, and ordinances, and parts thereof inconsistent herewith are hereby repealed to the extent of such inconsistency.

32. Effective Date. This Ordinance shall be in force and effect from and after its final passage, and it is so ordered.

33. Amendments. The City may amend this Ordinance without the consent of or notice to any registered owners of the Certificates in any manner not detrimental to the interests of the registered owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; except that, without the consent of the registered owners of all of the Certificates affected, no such amendment, addition, or rescission may (i) change the date specified as the date on which the principal or of any installment of interest on any Certificate is due and payable, reduce the principal amount or maturity amount thereof, or the rate of interest thereon, change the place or places at or the coin or currency in which any Certificate or interest thereon is payable, or in any other way modify the terms of payment of the principal or of interest on the Certificates, (ii) give any preference to any Certificate over any other Certificate, or (iii) reduce the aggregate principal amount of Certificates required for consent to any amendment, addition, or rescission.

[The remainder of this page has intentionally been left blank.]

PASSED AND APPROVED this 19th day of March, 2015.



Mayor, City of
Bevil Oaks, Texas

ATTEST:



City Clerk,
City of Bevil Oaks, Texas
(SEAL)