

## **ORDINANCE NO. 181**

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**ORDINANCE AUTHORIZING THE ISSUANCE, SALE AND DELIVERY OF \$4,715,000 IN AGGREGATE PRINCIPAL AMOUNT OF "TOWN OF ANNETTA, TEXAS GENERAL OBLIGATION REFUNDING BONDS, SERIES 2017"; SECURING THE PAYMENT THEREOF BY AUTHORIZING THE LEVY OF AN ANNUAL AD VALOREM TAX; AND APPROVING AND AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, AN ESCROW AGREEMENT, AN OFFICIAL STATEMENT AND ALL OTHER INSTRUMENTS AND PROCEDURES RELATED THERETO**

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**DATE OF APPROVAL: AUGUST 17, 2017**

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THE STATE OF TEXAS §  
COUNTY OF PARKER §  
TOWN OF ANNETTA §

*WHEREAS*, the TOWN OF ANNETTA, TEXAS (the "*Town*") in Parker County, Texas, is a political subdivision of the State of Texas operating as a Type A general law municipality pursuant to the Texas Local Government Code; and

*WHEREAS*, among numerous series of obligations of the Town which are secured by the full faith and credit of the Town and a pledge by the Town to levy ad valorem taxes sufficient to pay principal of and interest on such obligations as they become due, there is specifically outstanding the following series of obligations:

*Town of Annetta, Combination Tax and Revenue Certificates of Obligation, Series 2010, dated August 15, 2010, maturing on August 1 in the years 2018 through 2027, 2030, and 2035, and currently outstanding in the aggregate principal amount of \$5,760,000 (the "Series 2010 Certificates"); and*

*WHEREAS*, the Town now desires to refund the outstanding Series 2010 Certificates maturing in the years 2024 through 2027, 2030, and 2035, which obligations are referred to collectively herein as the "*Refunded Obligations*" and are more specifically described as maturing in the years and in the principal amounts (aggregating \$4,315,000 in principal amount) and bearing interest as shown in the following table:

**TOWN OF ANNETTA, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2010**

| <u>MATURITY<br/>(AUGUST 15)</u> | <u>PRINCIPAL AMOUNT<br/>MATURING IN YEAR (\$)</u> | <u>PRINCIPAL AMOUNT<br/>BEING REFUNDED (\$)</u> | <u>STATED<br/>INTEREST<br/>RATE (%)</u> | <u>CUSIP No.<br/>(03589)</u> |
|---------------------------------|---|---|---|------------------------------|
| 2024                            | 275,000   | 275,000   | 4.375                                   | AN8                          |
| 2025                            | 290,000   | 290,000   | 4.500                                   | AP3                          |
| 2026                            | 300,000   | 300,000   | 4.625                                   | AQ1                          |
| 2027                            | 315,000   | 315,000   | 4.625                                   | AR9                          |
| ****                            | ****  | ****  | ****                                    | ****                         |
| 2030                            | 1,035,000   | 1,035,000                                       | 4.750                                   | AS7                          |
| ****                            | ****  | ****  | ****                                    | ****                         |
| 2035                            | <u>2,100,000</u>                                  | <u>2,100,000</u>                                | 5.000                                   | AT5                          |
| Totals                          | <u>4,315,000</u>                                  | <u>4,315,000</u>                                | ****                                    | ****                         |

*WHEREAS*, all of the Refunded Obligations are subject to redemption at the option of the Town on August 1, 2020, or on any date thereafter; and

*WHEREAS*, Chapter 1207, Texas Government Code, as amended ("*Chapter 1207*"), authorizes the Town to issue refunding bonds and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Obligations, or with another trust company or commercial bank that does not act as a depository for the Town, in an amount sufficient to provide for the payment and/or redemption of the Refunded Obligations, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Obligations; and

*WHEREAS*, Chapter 1207 (specifically Section 1207.062, Texas Government Code) further authorizes the Town to enter into an escrow agreement with (i) any paying agent for the Refunded Obligations, or (ii) another trust company or commercial bank that does not act as a depository for the Board and is named in the proceedings authorizing such escrow agreement, with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the Town and such paying agent, trust company or commercial bank may agree; provided that such deposits may be invested and reinvested:

(i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by the United States,

(ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or

instrumentality and that, on the date the Town Council of the Town adopts or approves this Ordinance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and

(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 the Town Council of the Town adopts or approves this Ordinance, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent,

and all of which must mature and bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment or redemption of the Refunded Obligations; and

*WHEREAS, Wells Fargo Bank, N.A.* currently serves as the paying agent for the Refunded Obligations; however, as permitted by Section 1207.062, Texas Government Code, the Town desires to appoint *BOKF, NA*, which is a commercial bank that does not act as a depository for the Town, to serve as escrow agent in connection with refunding and defeasing the Refunded Obligations, and the Escrow Agreement hereinafter authorized between the Town and BOKF, NA, constitutes an escrow agreement of the kind authorized and permitted by Chapter 1207; and

*WHEREAS*, the Town Council hereby finds and declares a public purpose and it is advisable and in the best interests of the Town to issue a series of bonds (defined in Section 2 hereof as the "*Bonds*"), the proceeds of which will be used to pay costs of issuance and refund the Refunded Obligations in order to achieve a gross debt service savings of approximately \$487,647.67 and a net present value debt service savings of approximately \$498,287.67 to the Town, after taking into account accrued interest paid by the initial purchaser of the Bonds in the amount of \$10,640.00; and

*WHEREAS*, the Bonds hereinafter authorized and designated are to be issued and delivered pursuant to Chapter 1207, Texas Government Code; and

*WHEREAS*, it is hereby officially found and determined that the meeting at which this Ordinance was passed 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, Texas Government Code.

***THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF ANNETTA, TEXAS:***

**SECTION 1. AMOUNT AND PURPOSE OF THE BONDS.** General obligation bonds of the Town are hereby authorized to be issued and delivered in the aggregate principal amount of ***\$4,715,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE TOWN'S OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS, AND TO PAY COSTS OF ISSUANCE.***

**SECTION 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS AND MATURITIES OF BONDS.**

(a) Designation, Date, Denominations and Numbers. Each Bond issued pursuant to this Ordinance shall be designated **TOWN OF ANNETTA, TEXAS GENERAL OBLIGATION REFUNDING BOND, SERIES 2017** (a "*Bond*" and collectively, the "*Bonds*") and initially there shall be issued, sold and delivered hereunder one fully registered bond, without interest coupons, dated as of August 15, 2017, with Bonds issued in replacement thereof being in the denomination of \$5,000 or any integral multiple thereof, and with Bonds issued and delivered in substitution for the Initial Bond being numbered consecutively from R-1 upward, all payable to the initial registered owner thereof (with the Initial Bond being payable to the initial purchaser designated in Section 12 hereof), or to the registered assignee or assignees of said bond or any portion or portions thereof (in each case, the "*Registered Owner*").

(b) Maturities. The Bonds shall mature on the dates and in the respective principal amounts as set forth below:

| <u>DATE OF<br/>MATURITY<br/>(AUGUST 1)</u> | <u>PRINCIPAL<br/>AMOUNT (\$)</u> | <u>DATE OF<br/>MATURITY<br/>(AUGUST 1)</u> | <u>PRINCIPAL<br/>AMOUNT (\$)</u> |
|--|----------------------------------|--|----------------------------------|
| 2021                                       | 45,000                           | 2029                                       | 375,000                          |
| 2022                                       | 45,000                           | 2030                                       | 385,000                          |
| 2023                                       | 50,000                           | 2031                                       | 395,000                          |
| 2024                                       | 325,000                          | 2032                                       | 410,000                          |
| 2025                                       | 335,000                          | 2033                                       | 415,000                          |
| 2026                                       | 340,000                          | ***  | ***                              |
| 2027                                       | 350,000                          | 2035                                       | 880,000                          |
| 2028                                       | 365,000                          |  |                                  |

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**SECTION 3. INTEREST.** The Bonds shall bear interest calculated on the basis of a 360-day year composed of twelve 30-day months from the dates specified in the FORM OF BOND set forth in this Ordinance to their respective dates of maturity at the rates per annum as set forth below:

| <u>YEAR OF MATURITY</u> | <u>INTEREST RATE (%)</u> | <u>YEAR OF MATURITY</u> | <u>INTEREST RATE (%)</u> |
|-------------------------|--------------------------|-------------------------|--------------------------|
| 2021                    | 2.000                    | 2029                    | 3.000                    |
| 2022                    | 2.000                    | 2030                    | 3.000                    |
| 2023                    | 2.000                    | 2031                    | 3.000                    |
| 2024                    | 2.000                    | 2032                    | 3.000                    |
| 2025                    | 3.000                    | 2033                    | 3.000                    |
| 2026                    | 3.000                    | ***                     | ***                      |
| 2027                    | 3.000                    | 2035                    | 3.000                    |
| 2028                    | 3.000                    |                         |                          |

Said interest shall be payable in the manner provided and on the dates stated in the FORM OF BOND set forth in this Ordinance.

**SECTION 4. CHARACTERISTICS OF THE BONDS.**

(a) Registration, Transfer, and Exchange; Authentication. The Town shall keep or cause to be kept at the designated corporate trust or commercial banking office (currently located in Austin, Texas) of BOKF, NA (the "*Paying Agent/Registrar*"), books or records for the registration of the transfer and exchange of the Bonds (the "*Registration Books*"), and the Town hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers and exchanges under such reasonable regulations as the Town and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers and exchanges as herein provided. Attached hereto as Exhibit A is a copy of the Paying Agent/Registrar Agreement between the Town and the Paying Agent/Registrar which is hereby approved in substantially final form, and the Mayor, Mayor Pro-Tem and Town Secretary of the Town are hereby authorized to execute the Paying Agent/Registrar Agreement and approve any changes in the final form thereof.

The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. To the extent possible and under reasonable circumstances, all transfers of Bonds shall be made within three business days after request and presentation thereof. The Town shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying



Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, exchange and delivery of a substitute Bond or Bonds shall be paid as provided in the FORM OF BOND set forth in this Ordinance. Registration of assignments, transfers and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in (c) below, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign the Paying Agent/Registrar's Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for transfer and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Town or any other body or person so as to accomplish the foregoing transfer and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be of type composition printed on paper with lithographed or steel engraved borders of customary weight and strength. Pursuant to Subchapter D of Chapter 1201, Texas Government Code, the duty of transfer and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the transferred and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(b) Payment of Bonds and Interest. The Town hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Town and the Paying Agent/Registrar with respect to the Bonds.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed, sealed, executed and authenticated, (vi) the principal of and interest on the Bonds shall be payable, and (vii) shall be administered and the Paying Agent/Registrar and the Town shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance. The Initial Bond is not required to be, and shall not be, authenticated by the Paying Agent/ Registrar, but on each substitute Bond issued in exchange for the Initial Bond issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND. In lieu of the executed Paying Agent/Registrar's Authentication Certificate described above, the Initial Bond delivered on the closing date (as further described in subparagraph (i) below) shall have attached thereto the Comptroller's Registration Certificate substantially in the form set forth in the FORM OF BOND below, manually executed by the Comptroller of Public Accounts of the State of Texas or by his

duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Town, and has been registered by the Comptroller.

(d) Substitute Paying Agent/Registrar. The Town covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Town will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity and shall be an entity registered with the Securities and Exchange Commission. The Town reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Town covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Town. Upon any change in the Paying Agent/Registrar, the Town promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Book-Entry Only System for Bonds. The Bonds issued in exchange for the Bonds initially issued to the purchaser specified in Section 12 herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("**DTC**"), and except as provided in subsection (i) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Town and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("**DTC Participant**") to hold securities to facilitate the clearance and settlement of securities transaction among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Town and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of the Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the

contrary, the Town and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the Ordinance of the registered owners, as shown in the Registration Books 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 Town's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Bond certificate evidencing the obligation of the Town to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record Date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(f) Successor Securities Depository; Transfers Outside Book-Entry Only Systems. In the event that the Town determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the Town to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Town shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books 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 registered owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

(g) Payments to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, so long as any Bond is registered in the name of Cede & Co., as nominee for DTC, all payments with respect to principal of and interest on such Bond and all notices with respect to such Bond shall be made and given, respectively, in the manner provided in the representation letter of the Town to DTC.

(h) DTC Letter of Representation. The officers of the Town are herein authorized for and on behalf of the Town and as officers of the Town to enter into one or more Letters of Representation, if necessary, with DTC establishing the book-entry only system with respect to the Bonds.

(i) Delivery of Initial Bond. On the closing date, one Initial Bond representing the entire principal amount of the Bonds and, payable in stated installments to the initial registered owner named in Section 12 of this Ordinance or its designee, executed by manual or facsimile signature

of the Mayor or Mayor Pro-Tem and Town Secretary of the Town, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the initial purchaser or its designee. Upon payment for the Bonds, the Paying Agent/Registrar shall cancel the Initial Bond and deliver to the initial registered owner or its designee one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity.

**SECTION 5. FORM OF BOND.** The form of the Bonds, including the form of Paying Agent/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 (to be attached only to the Bonds initially issued and delivered pursuant to this Ordinance), shall be, respectively, substantially as follows, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance.

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FORM OF BOND

|      |  |                                 |
|------|--|---------------------------------|
| R-__ | UNITED STATES OF AMERICA<br>STATE OF TEXAS<br>COUNTY OF PARKER<br>TOWN OF ANNETTA, TEXAS<br>GENERAL OBLIGATION REFUNDING BOND<br>SERIES 2017 | PRINCIPAL<br>AMOUNT<br>\$ _____ |
|------|--|---------------------------------|

|               |                |                 |             |
|---------------|----------------|-----------------|-------------|
| INTEREST RATE | MATURITY DATE  | DATE OF SERIES  | CUSIP NO.   |
| _____%        | August 1, 20__ | August 15, 2017 | 03589K ____ |

**REGISTERED OWNER:**

**PRINCIPAL AMOUNT:** **DOLLARS**

*ON THE MATURITY DATE* specified above, the *TOWN OF ANNETTA, TEXAS* (the "*Town*"), being a political subdivision and Type A general law municipality of the State of Texas, hereby promises to pay to the Registered Owner set forth above, or registered assigns (hereinafter called the "*Registered Owner*") the Principal Amount set forth above, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from August 15, 2017, at the Interest Rate per annum specified above, on February 1, 2018, and semiannually on each February 1 and August 1 thereafter to the Maturity Date specified above or the date of redemption prior to the Maturity Date; except that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such Principal Amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged or converted from is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

*THE PRINCIPAL OF AND INTEREST ON THIS BOND* are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the Registered Owner hereof upon presentation and surrender of this Bond at maturity at the designated corporate trust or commercial banking office (initially located in Austin, Texas) of **BOKF, NA**, which is the "*Paying Agent/Registrar*" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the Registered Owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Town required by the ordinance authorizing the issuance of the Bonds (the "*Bond Ordinance*") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest

payment date, to the Registered Owner hereof, at its address as it appeared on the fifteenth day of the month next preceding each such date (the "**Record Date**") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Registered Owner. 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 Town. 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 business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice. The Town covenants with the Registered Owner of this Bond that on or before each principal payment date and interest payment date for this Bond it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Bond Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

**IF THE DATE FOR ANY PAYMENT DUE** on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the designated 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 on which 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.

**THIS BOND IS ONE OF A SERIES OF BONDS**, dated as of August 15, 2017, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of **\$4,715,000 FOR THE PURPOSE OF PROVIDING FUNDS TO REFUND A PORTION OF THE TOWN'S OUTSTANDING GENERAL OBLIGATION INDEBTEDNESS, AND TO PAY COSTS OF ISSUANCE.**

**ON AUGUST 1, 2027, OR ON ANY DATE THEREAFTER**, the Bonds scheduled to mature on August 1, 2028 may be redeemed prior to their scheduled maturities, at the option of the Town, with funds derived from any available and lawful source, as a whole, or in part (provided that a portion of such Bond may be redeemed only in an integral multiple of \$5,000 in principal amount) at the redemption price equal to the principal amount being called for redemption plus unpaid accrued interest. If less than all of such Bonds are to be redeemed, the particular Bonds to be redeemed shall be selected by the Paying Agent/Registrar at random and by lot.

**THE BONDS MATURING** on August 1, 2035 (the "**Term Bonds**") are subject to mandatory redemption prior to maturity in part by lot, at a price equal to the principal amount thereof plus accrued interest to the date of redemption, on the dates and in the respective principal amounts shown below:

| <b>TERM BONDS MATURING</b>           |                                   |
|--------------------------------------|-----------------------------------|
| <b>AUGUST 1, 2035</b>                |                                   |
| <u>Mandatory<br/>Redemption Date</u> | <u>Redemption<br/>Amount (\$)</u> |
| August 1, 2034                       | 435,000                           |
| August 1, 2035 (maturity)            | 445,000                           |

The principal amount of the Term Bonds required to be redeemed pursuant to the operation of such mandatory redemption requirements may be reduced, at the option of the Town, by the principal amount of any such Term Bonds which, prior to the date of the mailing of notice of such mandatory redemption, (i) shall have been acquired by the Town and delivered to the Paying Agent/Registrar for cancellation, (ii) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Town, or (iii) shall have been redeemed pursuant to the optional redemption provisions described in the preceding paragraph and not theretofore credited against a mandatory redemption requirement.

**AT LEAST 30 DAYS PRIOR** to the date fixed for any redemption of Bonds or portions thereof prior to maturity, a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption to the Registered Owner of each Bond to be redeemed at its address as it appeared on the Registration Books maintained by the Paying Agent/Registrar on the day such notice of redemption is mailed. Any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Registered Owner. The notice with respect to an optional redemption of Bonds may state (1) that it is conditioned upon the deposit of moneys, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar no later than the redemption date, or (2) that the Town retains the right to rescind such notice at any time prior to the scheduled redemption date if the Town delivers a certificate of an authorized representative to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is so rescinded. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Bonds or portions thereof which are to be so redeemed. If such written notice of redemption is mailed (and not rescinded), and if due provision for such payment is made, all as provided above, the Bonds or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Bond shall be

redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the Registered Owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the Registered Owner upon the surrender thereof for cancellation, at the expense of the Town, all as provided in the Bond Ordinance.

***ALL BONDS OF THIS SERIES*** are issuable solely as fully registered Bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Ordinance, this Bond may, at the request of the Registered Owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate amount of fully registered Bonds, without interest coupons, payable to the appropriate Registered Owner, assignee or assignees, as the case may be, having any authorized denomination or denominations as requested in writing by the appropriate Registered Owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any authorized denomination to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the Registered Owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the Registered Owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Town. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer or exchange of a Bond during the period commencing with the close of business on any Record Date immediately preceding a principal or interest payment date for such Bond and ending with the opening of business on the next following principal or interest payment date.

***WHENEVER THE BENEFICIAL OWNERSHIP*** of this Bond is determined by a book entry at a securities depository for the Bonds, the foregoing requirements of holding, delivering or transferring this Bond shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect.

***IN THE EVENT ANY PAYING AGENT/REGISTRAR*** for the Bonds is changed by the Town, resigns, or otherwise ceases to act as such, the Town has covenanted in the Bond Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Bonds.



***IT IS HEREBY CERTIFIED, RECITED, AND COVENANTED*** that this Bond has been duly and validly authorized, issued, and delivered; that all acts, conditions, and things required or proper to be performed, exist, and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed, and been done in accordance with law; that this Bond is a general obligation of the Town, issued on the full faith and credit thereof; and that ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due, and as such principal matures, have been levied and ordered to be levied against all taxable property in the Town, and have been pledged for such payment, within the limits provided by law.

***THE TOWN HAS RESERVED THE RIGHT TO AMEND*** the Bond Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Bonds.

***BY BECOMING THE REGISTERED OWNER*** of this Bond, the Registered Owner thereby acknowledges all of the terms and provisions of the Bond Ordinance, agrees to be bound by such terms and provisions, acknowledges that the Bond Ordinance is duly recorded and available for inspection in the official minutes and records of the governing body of the Town, and agrees that the terms and provisions of this Bond and the Bond Ordinance constitute a contract between each Registered Owner hereof and the Town.

***IN WITNESS WHEREOF***, the Town has caused this Bond to be signed with the manual or facsimile signature of the Mayor or Mayor Pro-Tem of the Town and countersigned with the manual or facsimile signature of the Town Secretary of the Town, and has caused the official seal of the Town to be duly impressed, or placed in facsimile, on this Bond.

\_\_\_\_\_  
(facsimile signature)  
Town Secretary  
Town of Annetta, Texas

\_\_\_\_\_  
(facsimile signature)  
Mayor [Pro-Tem]  
Town of Annetta, Texas

(SEAL)

FORM OF REGISTRATION CERTIFICATE OF  
THE COMPTROLLER OF PUBLIC ACCOUNTS:

**COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO.** \_\_\_\_\_

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

Witness my signature and seal this

\_\_\_\_\_

(COMPTROLLER'S SEAL)

Comptroller of Public Accounts  
of the State of Texas

**FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

**PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE**

(To be executed if this Bond is not accompanied by an executed Registration Certificate of the Comptroller of Public Accounts of the State of Texas)

It is hereby certified that this Bond has been issued under the provisions of the Bond Ordinance described in the text of this Bond; and that this Bond has been issued in conversion or replacement of, or in exchange for, a bond, bonds, or a portion of a bond or bonds of a Series which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

Dated

**BOKF, NA**  
Paying Agent/Registrar

By \_\_\_\_\_  
Authorized Representative

[The remainder of this page intentionally left blank]

FORM OF ASSIGNMENT:

**ASSIGNMENT**

**FOR VALUE RECEIVED**, the undersigned Registered Owner of this Bond, or duly authorized representative or attorney thereof, hereby assigns this Bond to

\_\_\_\_\_  
(Assignee's Social Security or Taxpayer Identification) / \_\_\_\_\_  
(Print or typewrite Assignee's name and address, including zip code)

and hereby irrevocably constitutes and appoints \_\_\_\_\_ attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

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

Signature Guaranteed:

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

\_\_\_\_\_  
NOTICE: The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Bond in every particular, without alteration or enlargement or any change whatsoever.

**STATEMENT OF INSURANCE**

Build America Mutual Assurance Company ("BAM"), 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 BOKF, NA, Austin, Texas, or its successor, as paying agent for the Bonds (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 BAM or the Paying Agent. All payments required to be made under the Policy shall be made in accordance with the provisions thereof. By its purchase of these Bonds, the owner acknowledges and consents to the subrogation and all other rights of BAM as more fully set forth in the Policy.

**INITIAL BOND INSERTIONS**

The Initial Bond shall be in the form set forth above except that:

- (A) Immediately under the name of the Bond, the headings "INTEREST RATE" and "MATURITY DATE" shall be completed with the words "As shown below" and "CUSIP NO. \_\_\_\_\_" shall be deleted.
- (B) The first paragraph shall be deleted and the following shall be inserted:

***"ON THE RESPECTIVE MATURITY DATES*** specified below, the ***TOWN OF ANNETTA, TEXAS*** (the "*Town*"), being a political subdivision and Type A general law municipality of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "*Registered Owner*"), the respective Principal Installments specified below, and to pay interest thereon (calculated on the basis of a 360-day year composed of twelve 30-day months) from August 15, 2017, at the respective Interest Rates per annum specified below, payable on February 1, 2018, and semiannually on each February 1 and August 1 thereafter to the respective Maturity Dates specified below. The respective Maturity Dates, Principal Installments and Interest Rates for this Bond are set forth in the following schedule:

| MATURITY DATE<br>(AUGUST 1) | PRINCIPAL<br>INSTALLMENT (\$) | INTEREST<br>RATE (%) |
|-----------------------------|-------------------------------|----------------------|
| 20__                        | _____                         | _____                |
| 20__                        | _____                         | _____                |
| 20__                        | _____                         | _____                |

*[Insert information from Sections 2 and 3 above]*

- (C) The Initial Bond shall be numbered "T-1."

**SECTION 6. INTEREST AND SINKING FUND; TAX LEVY; SECURITY INTEREST.**

(a) Interest and Sinking Fund; Tax Levy. A special "*Interest and Sinking Fund*" is hereby created and shall be established and maintained by the Town at an official depository bank of the Town. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Town, and shall be used only for paying the interest on and the principal of said Bonds. Immediately after the issuance and delivery of the Bonds, all accrued interest on the Bonds, together with any premium on the Bonds that is not used by the Town to pay costs of issuance in accordance with the provisions of Section 1201.042(d), Texas Government Code, as amended, shall be deposited to the credit of the Interest and Sinking Fund. In addition, all ad valorem taxes levied and collected for and on account of said Bonds shall be deposited, as collected, to the credit of said Interest and Sinking Fund. For each fiscal year while any of the Bonds or interest thereon are outstanding and unpaid, the governing body of the Town shall compute and ascertain a rate and

amount of ad valorem tax which will be sufficient to raise and produce the money required to pay the interest on the Bonds as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of the Bonds as such principal matures (but never less than 2% of the original principal amount of the Bonds as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of the Town, with full allowance being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in the Town for each year while any of the Bonds or interest thereon are outstanding and unpaid; and said tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund created by this Ordinance. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of the Bonds, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) Security Interest. Chapter 1208, Texas Government Code, applies to the issuance of the Bonds and the pledge of the ad valorem taxes granted by the Town under Section 6(a) of this Ordinance, and is therefore valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the ad valorem taxes granted by the Town under Section 6(a) of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas Business & Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the Town agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Texas Business & Commerce Code, and enable a filing to perfect the security interest in said pledge to occur.

**SECTION 7. INVESTMENTS.** Funds on deposit in the Interest and Sinking Fund shall be secured by the depository bank of the Town in the manner and to the extent required by law to secure other public funds of the Town and may be invested from time to time in any investment authorized by applicable law, including but not limited to the Public Funds Investment Act (Chapter 2256, Texas Government Code), and the Town's investment policy adopted in accordance with the provisions of the Public Funds Investment Act; provided, however, that investments purchased for and held in each Interest and Sinking Fund shall have a final maturity no later than the next principal or interest payment date on which such funds will be needed. Income and profits from such investments shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

#### **SECTION 8. DEFEASANCE OF BONDS.**

(a) Defeasance. Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "*Defeased Bond*") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to

the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "*Future Escrow Agreement*") for such payment (1) lawful money of the United States of America sufficient to make such payment and/or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Town with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. Thereafter, the Issuer will have no further responsibility with respect to amounts available to the Paying Agent/Registrar for the payment of such Defeased Bond, including any insufficiency therein caused by the failure of the escrow agent under such Future Escrow Agreement to receive payment when due on the Defeasance Securities. At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities.

(b) Investment of Funds in Defeasance Securities. Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Town be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Town, or deposited as directed in writing by the Town. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Town or deposited as directed in writing by the Town.

(c) Definition of Defeasance Securities. The term "*Defeasance Securities*" means (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) 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 the purchase thereof 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 on the date the governing body of the Town adopts or approves the proceedings authorizing the financial arrangements 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 under applicable state law that may be used to defease obligations such as the Bonds.

(d) Duties of Paying Agent/Registrar. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for

such Defeased Bonds the same as if they had not been defeased, and the Town shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(e) Selection of Bonds to be Defeased. In the event that the Town elects to defease less than all of the principal amount of Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Bonds by such random method as it deems fair and appropriate.

#### **SECTION 9. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED BONDS.**

(a) Replacement Bonds. In the event any outstanding Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Bond, in replacement for such Bond in the manner hereinafter provided.

(b) Application for Replacement Bonds. Application for replacement of damaged, mutilated, lost, stolen, or destroyed Bonds shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Bond, the registered owner applying for a replacement bond shall furnish to the Town and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also, in every case of loss, theft, or destruction of a Bond, the registered owner shall furnish to the Town and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Bond. In every case of damage or mutilation of a Bond, the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Bond so damaged or mutilated.

(c) No Default Occurred. Notwithstanding the foregoing provisions of this Section, in the event any such Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of or interest on the Bond, the Town may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Bond) instead of issuing a replacement Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Charge for Issuing Replacement Bonds. Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the registered owner of such Bond with all legal, printing, and other expenses in connection therewith. Every replacement bond issued pursuant to the provisions of this Section by virtue of the fact that any Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the Town whether or not the lost, stolen, or destroyed Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Bonds duly issued under this Ordinance.

(e) Authority for Issuing Replacement Bonds. In accordance with Chapter 1201, Texas Government Code, as amended, this Section of this Ordinance shall constitute authority for the issuance of any such replacement bond without necessity of further action by the governing body of the Town or any other body or person, and the duty of the replacement of such bonds is hereby

authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 4(a) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

**SECTION 10. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS; AND OTHER MATTERS.** The Mayor or Mayor Pro-Tem of the Town are hereby authorized to have control of the Bonds initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Bonds pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Bonds said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Town's Bond Counsel (with an appropriate certificate pertaining thereto executed by facsimile signature of the Town Secretary of the Town) and the assigned CUSIP numbers may, at the option of the Town, be printed on the Bonds issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Bonds. If bond insurance is obtained, the Bonds may bear an appropriate legend as provided by the insurer.

**SECTION 11. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE BONDS.**

(a) Covenants. The Town covenants to take any action necessary to assure, or refrain from any action which would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Town covenants as follows:

(1) to take any action to assure that no more than 10 percent of the proceeds of the Bonds or the Refunded Obligations or the projects financed or refinanced therewith (less amounts deposited to a reserve fund, if any) are used for any "private business use," as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds of the Bonds or the Refunded Obligations or the projects financed or refinanced therewith are so used, such amounts, whether or not received by the Town, with respect to such private business use, do not, under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Bonds, in contravention of section 141(b)(2) of the Code;

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the Refunded Obligations or the projects financed or refinanced therewith (less amounts deposited into a reserve fund, if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;



(3) to take any action to assure that no amount which is greater than the lesser of \$5,000,000, or 5 percent of the proceeds of the Bonds (less amounts deposited into a reserve fund, if any) is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of section 141(c) of the Code;

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(5) to refrain from taking any action that would result in the Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(6) to refrain from using any portion of the proceeds of the Bonds, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Bonds, other than investment property acquired with --

(A) proceeds of the Bonds invested for a reasonable temporary period of three years or less or, in the case of a refunding bond, for a period of thirty days or less until such proceeds are needed for the purpose for which the Bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

(C) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Bonds;

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings); and

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

(b) Rebate Fund. In order to facilitate compliance with the above covenant (8), a "**Rebate Fund**" is hereby established by the Town for the sole benefit of the United States of America, and such fund shall not be subject to the claim of any other person, including without limitation the bondholders. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

(c) Proceeds. The Town understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Town that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the Town will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the Town agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Town hereby authorizes and directs the Mayor, the Mayor Pro Tem, the Director of Operations and Planning, and the Town Secretary to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Town, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Project. The Town covenants to account for the expenditure of sale proceeds and investment earnings to be used for the purposes described in Section 1 of this Ordinance (collectively referred to herein as the "*Project*") on its books and records in accordance with the requirements of the Internal Revenue Code. The Town recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Project is completed; but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for proceeds to be expended under the Internal Revenue Code, the sale proceeds or investment earnings must be expended no more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Bonds, or (2) the date the Bonds are retired. The Town agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Bonds. For purposes hereof, the Town shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Project. The Town covenants that the property constituting the projects refinanced with the proceeds of the Bonds will not be sold or otherwise disposed in a transaction resulting in the receipt by the Town of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the Town may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated

as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Town shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(f) Written Procedures. Unless superseded by another action of the Town, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the Town Council hereby adopts and establishes the instructions attached hereto as Exhibit B as the Town's written procedures.

(g) Designation as Qualified Tax-Exempt Obligations. The Town hereby designates the Bonds as "qualified tax-exempt bonds" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the Town represents, covenants and warrants the following: (i) that during the calendar year in which the Bonds are issued, the Town (including any subordinate entities) has not designated nor will designate bonds, which when aggregated with the Bonds, will result in more than \$10,000,000 of "qualified tax-exempt bonds" being issued; (ii) that the Town reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Bonds are issued, by the Town (or any subordinate entities) will not exceed \$10,000,000; and (iii) that the Town will take such action or refrain from such action as necessary, and as more particularly set forth in this Section, in order that the Bonds will not be considered "private activity bonds" within the meaning of section 141 of the Code.

**SECTION 12. SALE AND DELIVERY OF BONDS.** The Bonds are hereby initially sold and shall be delivered to **ROBERT W. BAIRD & CO., INC.** for cash at a purchase price of **\$4,851,689.05** (which amount is equal to the par value thereof, plus a net original issue premium of **\$183,371.60**, less a discount retained by the purchaser of **\$46,682.55**), plus accrued interest on the Bonds from August 15, 2017, to the date of delivery. The Bonds initially shall be registered in the name of **ROBERT W. BAIRD & CO., INC.** It is hereby officially found, determined, and declared that said purchaser is the highest bidder for the Bonds as a result of invitations for competitive bids. It is further officially found, determined, and declared that the Bonds have been sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to an Official Notice of Sale and Bidding Instructions and the Preliminary Official Statement, dated August 10, 2017, prepared and distributed in connection with the sale of the Bonds. In satisfaction of Section 1201.022(a)(3), Texas Government Code, and upon consultation with the Town's Financial Advisor, the Town Council hereby determines that the final terms of the Bonds as set forth in this Ordinance and resulting from the receipt of such competitive bids are in the Town's best interests.

**SECTION 13. MUNICIPAL BOND INSURANCE POLICY.** On the date of delivery of the Bonds, the City shall obtain from **BUILD AMERICA MUTUAL** (the "**Insurer**") a municipal bond insurance policy in support of the Bonds. For so long as said policy is in effect, the requirements of the Insurer, as a condition to the issuance of said policy, attached hereto as Exhibit C are herein incorporated by reference into this Ordinance and made a part hereof for all purposes, notwithstanding any other provision of this Ordinance to the contrary. The City is authorized to use proceeds of the Bonds to purchase such policy.

**SECTION 13. APPROVAL OF OFFICIAL STATEMENT.** The Town Council hereby approves the form and content of the Official Statement relating to the Bonds and any addenda, supplement, or amendment thereto, and approves the distribution of the Official Statement in the reoffering of the Bonds by the winning bidder thereof in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement for the Bonds, dated August 10, 2017, prior to the date hereof is hereby ratified and confirmed. The Town Council finds and determines that the Preliminary Official Statement and the Official Statement were and are "deemed final" as of each of their respective dates within the meaning, and for the purpose, of Rule 15c2-12 promulgated under authority granted by the Federal Securities and Exchange Act of 1934.

**SECTION 14. APPROVAL OF ESCROW AGREEMENT; REFUNDING OF REFUNDED OBLIGATIONS.** Concurrently with the initial delivery of the Bonds the Town shall deposit an amount from the proceeds from the sale of the Bonds and other available funds of the Town, if required, with **BOKE, NA**, as "*Escrow Agent*," sufficient to provide for the refunding of the Refunded Obligations, all in accordance with Chapter 1207. Attached hereto as *Exhibit D* is an Escrow Agreement between the Town and the Escrow Agent, which is hereby approved in substantially final form, and the Mayor or Mayor Pro-Tem and Town Secretary of the Town are hereby authorized, for and on behalf of the Town, to approve any changes in the Escrow Agreement from the form attached hereto and to execute the Escrow Agreement in final form.

**SECTION 15. NOTICE OF DEFEASANCE AND REDEMPTION OF REFUNDED OBLIGATIONS.** There is attached to this Ordinance as *Exhibit E* a *NOTICE OF DEFEASANCE AND REDEMPTION* with respect to the Refunded Obligations. The Refunded Obligations are hereby called for redemption on the "Redemption Date" set forth in the *NOTICE OF DEFEASANCE AND REDEMPTION*. As soon as practicable after the adoption of this Ordinance, a copy such *NOTICE* shall be (i) posted with the MSRB through the EMMA system, and (ii) sent to all registered owners of the Refunded Obligations by first class mail postage prepaid, addressed to such registered owners at their respective addresses shown on the registration books of the paying agent/registrar for the Refunded Obligations.

**SECTION 16. AUTHORITY FOR OFFICERS TO EXECUTE DOCUMENTS AND APPROVE CHANGES.** The Mayor, Mayor Pro-Tem, Town Secretary and Director of Operations and Planning of the Town, and each of them, shall be and they 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 under the corporate seal and on behalf of the Town all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Bonds, the sale of the Bonds, the Official Statement, the Escrow Agreement, and the Paying Agent/Registrar Agreement. In addition, prior to the initial delivery of the Bonds, the Mayor, Mayor Pro-Tem, Town Secretary, Director of Operations and Planning and Bond Counsel are hereby authorized and directed to approve any technical changes or correction to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this

Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies or satisfy any requirements of the provider of a municipal bond insurance policy, if any, or (iii) obtain the approval of the Bonds by the Attorney General's office. In case any officer whose signature shall appear on any Bond shall cease to be such officer before the delivery of such Bond, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery. The Director of Operations and Planning is further authorized to pay to the Attorney General of Texas prior to the delivery of the Bonds, for the Attorney General's review of the transcript of proceedings related to the Bonds, the amount required pursuant to Section 1202.004, Texas Government Code, as amended.

**SECTION 17. ORDINANCE A CONTRACT; AMENDMENTS.** This Ordinance shall constitute a contract with the Registered Owners of the Bonds, binding on the Town and its successors and assigns, and shall not be amended or repealed by the Town as long as any Bond remains outstanding except as permitted in this Section. The Town may, without the consent of or notice to any Registered Owners, amend, change, or modify this Ordinance as may be required (i) by the provisions hereof, (ii) for the purpose of curing any ambiguity, inconsistency, or formal defect or omission herein, or (iii) in connection with any other change which is not to the prejudice of the Registered Owners. The Town may, with the written consent of the Registered Owners of a majority in aggregate principal amount of the Bonds then outstanding affected thereby, amend, change, modify, or rescind any provisions of this Ordinance; provided that without the consent of the Registered Owners affected, no such amendment, change, modification, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Bonds, reduce the principal amount thereof or the rate of interest thereon, (ii) give any preference to any Bond over any other Bond, (iii) extend any waiver of default to subsequent defaults, or (iv) reduce the aggregate principal amount of Bonds required for consent to any such amendment, change, modification, or rescission. Whenever the Town shall desire to make any amendment or addition to or rescission of this Ordinance requiring consent of the Registered Owners, the Town shall cause notice of the amendment, addition, or rescission to be sent by first class mail, postage prepaid, to the Registered Owners at the respective addresses shown on the Registration Books. Whenever at any time within one year after the date of the giving of such notice, the Town shall receive an instrument or instruments in writing executed by the Registered Owners of a majority in aggregate principal amount of the Bonds then outstanding affected by any such amendment, addition, or rescission requiring the consent of the Registered Owners, which instrument or instruments shall refer to the proposed amendment, addition, or rescission described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Town may adopt such amendment, addition, or rescission in substantially such form, except as herein provided. No Registered Owner may thereafter object to the adoption of such amendment, addition, or rescission, or to any of the provisions thereof, and such amendment, addition, or rescission shall be fully effective for all purposes.

**SECTION 18. INTERESTED PARTIES.** Nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon, or to give to, any person or entity, other than the Town and the registered owners of the Bonds, any right, remedy or claim under or by reason of this Ordinance or any covenant, condition or stipulation hereof, and all covenants, stipulations, promises

and agreements in this Ordinance contained by and on behalf of the Town shall be for the sole and exclusive benefit of the Town and the registered owners of the Bonds.

**SECTION 19. COMPLIANCE WITH RULE 15c2-12.**

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

"**EMMA**" means the Electronic Municipal Market Access system being established by the MSRB.

"**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 Town shall provide annually to the MSRB through EMMA within six months after the end of each fiscal year ending in or after 2017, financial information and operating data with respect to the Town of the general type included in the final Official Statement authorized by this Ordinance, being the information described in Exhibit F hereto as the "**Annual Operating Report**." Additionally, within 12 months after the end of each fiscal year, the Town will provide financial statements of the Town (the "**Financial Statements**") which shall be (1) prepared in accordance with the accounting principles described in Exhibit F hereto, or such other accounting principles as the Town may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Town commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. If the audit of such Financial Statements is not complete within such period, then the Town shall provide (1) unaudited Financial Statements for such fiscal year within such 12 month period, and (2) audited Financial Statements for the applicable fiscal year to the MSRB through EMMA when and if the audit report on such Financial Statements become available.

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

The financial information and operating data to be provided pursuant to this paragraph (b) may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB through EMMA or filed with the SEC.

(c) Event Notices.

(i) The Town shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, if such event is material within the meaning of the federal securities laws:

1. Non-payment related defaults;
2. Modifications to rights of holders;
3. Redemption calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and
6. Appointment of a successor or additional trustee or the change of name of a trustee.

(ii) The Town shall notify the MSRB through EMMA in an electronic format as prescribed by the MSRB, in a timely manner (but not in excess of ten business days after the occurrence of the event) of any of the following events with respect to the Bonds, without regard to whether such event is considered material within the meaning of the federal securities laws:

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;

6. Tender offers;
7. Defeasances;
8. Rating changes; and
9. Bankruptcy, insolvency, receivership or similar event of an obligated person.

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

(d) Limitations, Disclaimers, and Amendments. The Town shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Town remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Town in any event will give notice of any deposit made in accordance with Section 11 of this Ordinance that causes Bonds no longer to be outstanding.

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 Town 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 Town'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 Town 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 TOWN 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 TOWN, 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 Town in observing or performing its obligations under this Section shall comprise 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 Town under federal and state securities laws.



The provisions of this Section may be amended by the Town 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 Town, 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 since such offering 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 Town (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. The Town may also amend or repeal the provisions of this continuing disclosure agreement 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 Bonds in the primary offering of the Bonds. If the Town so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

**SECTION 20. REMEDIES IN EVENT OF DEFAULT.** In addition to all the rights and remedies provided by the laws of the State of Texas, it is specifically covenanted and agreed particularly that in the event the Town (i) defaults in the payment of the principal, premium, if any, or interest on the Bonds, (ii) defaults in the deposits and credits required to be made to the Interest and Sinking Fund, or (iii) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in this Ordinance and the continuation thereof for 30 days after the Town has received written notice of such defaults, the Holders of any of the Bonds shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the Town and other officers of the Town to observe and perform any covenant, condition or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedy herein provided shall be cumulative of all other existing remedies, and the specification of such remedy shall not be deemed to be exclusive.

**SECTION 21. INCORPORATION OF RECITALS.** The Town hereby finds that the statements set forth in the recitals of this Ordinance are true and correct, and the Town hereby incorporates such recitals as a part of this Ordinance.

**SECTION 22. 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 this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

**SECTION 23. EFFECTIVE DATE.** Pursuant to the provisions of Section 1201.028, Texas Government Code, this Ordinance shall become effective immediately after its adoption by the Town Council.

*[The remainder of this page intentionally left blank]*

**PASSED AND APPROVED BY THE TOWN COUNCIL OF THE TOWN OF ANNETTA, TEXAS AT A REGULAR MEETING HELD ON THE 17<sup>TH</sup> DAY OF AUGUST, 2017, AT WHICH MEETING A QUORUM WAS PRESENT.**



\_\_\_\_\_  
Mayor, Town of Annetta, Texas

ATTEST:



\_\_\_\_\_  
Town Secretary  
Town of Annetta, Texas

(Town Seal)



\*\* \*\* \*\* \*\* \*\*

EXHIBIT A

THE PAYING AGENT/REGISTRAR AGREEMENT IS OMITTED AT THIS POINT  
AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT OF PROCEEDINGS.

## EXHIBIT B

### WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds, the Town's Director of Operations and Planning (the "*Responsible Person*") will:

- (i) monitor all amounts deposited into a sinking fund or funds (e.g., the Interest and Sinking Fund), to assure that the maximum amount invested at a yield higher than the yield on the Bonds does not exceed an amount equal to the debt service on the Bonds in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Bonds for the immediately preceding 12-month period;
- (ii) monitor the actions of the Escrow Agent to ensure compliance with the applicable provisions of the Escrow Agreement, including with respect to reinvestment of cash balances;
- (iii) ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS; and
- (iv) assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (A) at least every 5 years after the date of delivery of the Bonds (the "*Issue Date*"), and (B) within 30 days after the date the Bonds are retired.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Bonds the Responsible Person will:

- (i) monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
- (ii) monitor whether, at any time the Bonds are outstanding, any person, other than the Town, the employees of the Town, the agents of the Town or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
- (iii) monitor whether, at any time the Bonds are outstanding, any person, other than the Town, the employees of the Town, the agents of the Town or members of the general public has a right to use the output of the facilities (e.g., water, gas, electricity);

- (iv) monitor whether, at any time the Bonds are outstanding, any person, other than the Town, the employees of the Town, the agents of the Town or members of the general public has a right to use the facilities to conduct or to direct the conduct of research;
- (v) determine whether, at any time the Bonds are outstanding, any person, other than the Town, has a naming right for the facilities or any other contractual right granting an intangible benefit;
- (vi) determine whether, at any time the Bonds are outstanding, the facilities are sold or otherwise disposed of; and
- (vii) take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Resolution related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Bonds and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Bonds. If any portion of the Bonds is refunded with the proceeds of another series of tax-exempt obligations, such records shall be maintained until the three (3) years after the refunding obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the Town's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed or refinanced with the proceeds of the Bonds. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT C

**REQUIREMENTS OF THE INSURER  
WITH RESPECT TO THE MUNICIPAL BOND INSURANCE POLICY**

None

EXHIBIT D

THE ESCROW AGREEMENT IS OMITTED AT THIS POINT  
AS IT APPEARS IN EXECUTED FORM ELSEWHERE IN THIS TRANSCRIPT OF PROCEEDINGS.



EXHIBIT E

**NOTICE OF DEFEASANCE AND REDEMPTION**

To the Holders of the  
**TOWN OF ANNETTA, TEXAS**  
**COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2010**  
(maturing on August 1 in the years 2024 through 2027, 2030 and 2035)

NOTICE IS HEREBY GIVEN that the TOWN OF ANNETTA, TEXAS in Parker County, Texas (the "*Issuer*") has deposited cash and direct obligations of the United States government into an irrevocable Escrow Fund in order to pay, and has legally defeased, the Issuer's outstanding COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2010 (the "*Series 2010 Certificates*"), maturing in the years 2024 through 2027, 2030 and 2035 (collectively, the "*Defeased Certificates*"), which are further described below:

| <u>MATURITY<br/>(AUGUST 1)</u> | <u>PRINCIPAL AMOUNT<br/>MATURING IN YEAR (\$)</u> | <u>PRINCIPAL AMOUNT<br/>REFUNDED (\$)</u> | <u>STATED<br/>INTEREST<br/>RATE (%)</u> | <u>CUSIP No.<br/>(03589K)</u> |
|--------------------------------|---|---|---|-------------------------------|
| 2024                           | 275,000   | 275,000                                   | 4.3750                                  | AN8                           |
| 2025                           | 290,000   | 290,000                                   | 4.500                                   | AP3                           |
| 2026                           | 300,000   | 300,000                                   | 4.6250                                  | AQ1                           |
| 2027                           | 315,000   | 315,000                                   | 4.6250                                  | AR9                           |
| ****                           | ****  | ****                                      | ****                                    | ****                          |
| 2030                           | 1,035,000   | 1,035,000                                 | 4.7500                                  | AS7                           |
| ****                           | ****  | ****                                      | ****                                    | ****                          |
| 2035                           | 2,100,000   | 2,100,000                                 | 5.0000                                  | AT5                           |

Notice is further given that the Defeased Certificates have been called for redemption at par on **August 1, 2020** (the "*Redemption Date*") at the Redemption Price equal to 100% of par plus accrued interest to the Redemption Date. Such Defeased Certificates shall be redeemed and shall become due and payable on the Redemption Date, and the interest thereon shall cease to accrue from and after the Redemption Date.

Principal and interest on the Defeased Certificates will continue to be paid on the scheduled due dates until the Redemption Date. Due and proper arrangements have been made for providing Wells Fargo Bank, N.A., the Paying Agent for the Defeased Certificates, with funds sufficient to pay the principal of and interest on the Defeased Certificates on the scheduled payment dates.

Questions regarding the Defeased Certificates may be sent to the Paying Agent at the following address:

**Express Delivery**  
Wells Fargo Bank, N.A.  
Corporate Trust Operations  
N9309-121  
6<sup>th</sup> & Marquette Avenue  
Minneapolis, MN 555479

**First Class/Registered/Certified Mail**  
Wells Fargo Bank, N.A.  
Corporate Trust Operations  
P.O. Box 1517  
Minneapolis, MN 55480-1517

**Hand Delivery**  
Wells Fargo Bank, N.A.  
Northstar East Building  
608 2<sup>nd</sup> Ave. So., 12<sup>th</sup> Floor  
Minneapolis, MN 55479

To avoid a backup withholding tax required by Section 3406 of the Internal Revenue Code of 1986, holders must submit a properly completed IRS Form W-9.

\* THE ABOVE REFERENCED CUSIP NUMBERS ARE PROVIDED FOR THE CONVENIENCE OF THE BONDHOLDERS. NEITHER THE PAYING AGENT NOR THE ISSUER ARE RESPONSIBLE FOR ANY ERROR OF ANY NATURE RELATING TO THE CUSIP NUMBERS.

EXHIBIT F

**DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 19 of this Ordinance.

**Annual Financial Statements and Operating Data**

The financial information and operating data with respect to the Town 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 annual audited financial statements of the Town or the unaudited financial statements of the Town in the event audited financial statements are not completed within twelve months after the end of any fiscal year.
2. All quantitative financial information and operating data with respect to the Town of the general type included in the Official Statement under the numbered tables in Appendix A.

**Accounting Principles**

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements referred to in paragraph 1 above.