

Office of the City Manager

City of Richland Hills, Texas

## Memorandum

To: Honorable Mayor Bill Agan and members of the Richland Hills City Council  
From: Eric Strong, City Manager  
Date: February 2<sup>nd</sup>, 2016  
Subject: Bond Proceeds

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### **Council Action Requested:**

Consideration of Ordinance for issuing General Obligation Bonds.

### **Background Information:**

This ordinance will officially start the funding process on bond package that citizens voted to approve in November of 2015. As a reminder, this bond package was always intended to be supplemented with the issuance of Certificates of Obligation, which is a separate agenda item.

If council approves the attached Ordinance, funds will be in our possession in early March.

It is also significant to note that as we have gone through this process, our bond rating from Standard and Poors has been upgraded from an AA- to an AA. This upgraded rating has helped us get lower interest rates and thus get even more funding than we had originally planned.

**Attachments:** Ordinance

**Board/Citizen Input:** N/A

**Financial Impact:** See attached.

**Staff Contacts:**

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City Manager  
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**Attachments:** N/A

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

AN ORDINANCE PROVIDING FOR THE ISSUANCE OF \$[8,765,000] OF THE GENERAL OBLIGATION BONDS, SERIES 2016, OF THE CITY OF RICHLAND HILLS, TEXAS; AND ORDAINING OTHER MATTERS RELATING TO THE SUBJECT

WHEREAS, it is deemed advisable and to the best interest of the City of Richland Hills, Texas (the "City" or the "Issuer") that certain general purpose bonds authorized at an election held in said City on November 3, 2015 (the "Bond Election") , be sold at this time, with the date of election, amount of bonds authorized thereat, purpose, amount of bonds previously sold, the amount now to be sold, and the remaining amount of authorized but unissued bonds being as follows:

<u>DATE OF ELECTION</u>	<u>AMOUNT AUTHORIZED</u>	<u>PURPOSE</u>	<u>AMOUNT PREVIOUSLY SOLD (\$)</u>	<u>AMOUNT NOW OFFERED (\$)</u>	<u>AUTHORIZED BUT UNISSUED (\$)</u>
November 3, 2015	8,900,000	Parks and Recreation	-0-	[ \$8,765,000 *]	[ \$135,000]

\*Includes premium

WHEREAS, the City Council finds and determines that it is necessary and proper to order the issuance, sale and delivery of such voted bonds;

WHEREAS, the sale of the bonds hereinafter authorized is the first installment of bonds sold under authority granted through the Bond Election; and

WHEREAS, the bonds hereinafter authorized are to be issued and delivered pursuant to the laws of the State of Texas, including specifically Chapters 1251 and 1331, Texas Government Code, for the purposes set forth above.

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

1. That the bonds of the City to be called "General Obligation Bonds, Series 2016" (the "Bonds" or the "Series 2016 Bonds"), be issued under and delivered by virtue of the Constitution and laws of the State of Texas and the Charter of the City, aggregating in the principal amount the sum of [Eight Million Seven Hundred Sixty-Five Thousand Dollars (\$8,765,000)], for the purpose of constructing park and recreation improvements and paying the costs associated with the issuance of the Series 2016 Bonds.

2. That the Series 2016 Bonds shall be dated February 1, 2016, shall be in the denomination of \$5,000 or any integral multiple thereof (an "Authorized Denomination"), shall be numbered consecutively from R-1 upward, payable to the respective initial registered owners thereof, or to the registered assignee or assignees of the Series 2016 Bonds or any portion thereof (in each case, the "registered owner") and shall mature on the maturity date, in each of the years, and in the principal amounts, respectively, as set forth in the following schedule:

MATURITY DATE: AUGUST 15

<u>YEAR</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT (\$)</u>
2018	130,000	2033	305,000
2019	130,000	2034	310,000
2020	175,000	2035	320,000
2021	180,000	2036	330,000
2022	185,000	2037	340,000
2023	235,000	2038	355,000
2024	240,000	2039	370,000
2025	240,000	2040	385,000
2026	250,000	2041	400,000
2027	255,000	2042	415,000
2028	260,000	2043	430,000
2029	270,000	2044	450,000
2030	275,000	2045	465,000
2031	285,000	2046	485,000
2032	295,000		

3. (a) That the City reserves the right to redeem the Series 2016 Bonds maturing on or after August 15, 2026, in whole or in part in an Authorized Denomination, on August 15, 2025, or on any date thereafter, at the redemption price of par plus accrued interest thereon to the date fixed for redemption. If less than all of the Series 2016 Bonds are to be redeemed by the City, the City shall determine the maturity or maturities and the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot Series 2016 Bonds, or portions thereof, within such maturity or maturities and in such principal amounts, for redemption; provided, that during any period in which ownership of the Series 2016 Bonds is determined only by a book entry at a securities depository for the Series 2016 Bonds, if fewer than all of the Series 2016 Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Series 2016 Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository. The City shall notify the Paying Agent/Registrar at least forty-five (45) days prior to the scheduled redemption date that a redemption of the Series 2016 Bonds is to be effected.

(b) The Bonds [are][are not] subject to mandatory sinking fund redemption prior to their scheduled maturities[, in the manner set forth in the FORM OF BOND].

(c) At least thirty (30) days prior to the date fixed for any such redemption the City shall cause a written notice of such redemption to be deposited in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books (hereinafter defined) of the Paying Agent/Registrar. 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 Series 2016 Bonds or the portions thereof which are to be so redeemed, plus accrued interest thereon to the date fixed for redemption. Except as provided in subsection (d) of this Section with respect to a conditional redemption of Series 2016 Bonds, if such notice of redemption is given, and if due provision for such payment is made, all as provided above, the Series 2016 Bonds or the portions thereof which are to be so redeemed, thereby automatically shall be redeemed prior to their scheduled maturities, and shall not bear interest after the date fixed for their redemption, and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the Series 2016 Bonds or any portion thereof. If a portion of any Series 2016 Bond shall be redeemed a substitute Series 2016 Bond or Series 2016 Bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination, 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 City, all as provided in this Ordinance. In addition to the foregoing, the City shall cause the Paying Agent/Registrar to give notice of any such redemption in the manner set forth in Section 5(h) hereof, but the failure to provide such notice as described in Section 5(h) hereof, or any defect therein, shall not affect the validity or effectiveness of the proceedings for the redemption of the Series 2016 Bonds.

(d) With respect to any optional redemption of the Series 2016 Bonds, unless certain prerequisites to such optional redemption required by this Ordinance have been met and money sufficient to pay the principal of, premium, if any, and interest on the Series 2016 Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to giving such notice, such notice may state

that the optional redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the dated fixed for such redemption or upon any prerequisite set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied, such notice will be of no force and effect, the City will not redeem such Series 2016 Bonds and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Series 2016 Bonds will not be redeemed.

4. That the Series 2016 Bonds scheduled to mature during the years, respectively, set forth below shall bear interest at the following rates per annum:

maturities 2018, _____%	
maturities 2019, _____%	
maturities 2020, _____%	
maturities 2021, _____%	
maturities 2022, _____%	
maturities 2023, _____%	
maturities 2024, _____%	
maturities 2025, _____%	
maturities 2026, _____%	
maturities 2027, _____%	
maturities 2028, _____%	
maturities 2029, _____%	
maturities 2030, _____%	
maturities 2031, _____%	
maturities 2032, _____%	
	maturities 2033, _____%
	maturities 2034, _____%
	maturities 2035, _____%
	maturities 2036, _____%
	maturities 2037, _____%
	maturities 2038, _____%
	maturities 2039, _____%
	maturities 2040, _____%
	maturities 2041, _____%
	maturities 2042, _____%
	maturities 2043, _____%
	maturities 2044, _____%
	maturities 2045, _____%
	maturities 2046, _____%

Said interest shall be payable to the registered owner of any such Series 2016 Bond in the manner provided and on the dates stated in the FORM OF BOND.

5. (a) That the City shall keep or cause to be kept at the designated corporate trust office of U.S. Bank National Association, or such other bank, trust company, financial institution, or other agency named in accordance with the provisions of subsection (g) of this Section (the "Paying Agent/Registrar"), books or records of the registration and transfer of the Series 2016 Bonds (the "Registration Books"), and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the City and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. The place of payment for the Series 2016 Bonds designated by the Paying Agent/Registrar shall be referred to herein as the "Designated Trust Office" of the Paying Agent/Registrar. It shall be the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of the registered owner of each Series 2016 Bond to which payments with respect thereto shall be mailed, as herein provided. The City or its designee 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. Registration of each Series 2016 Bond may be transferred in the Registration Books only upon presentation and surrender of such Series 2016 Bond to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of such Series 2016 Bond, or any portion thereof, in any integral multiple of \$5,000, to the assignee or assignees thereof, and the right of such assignee or assignees to have such Series 2016 Bond or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Series 2016 Bond or any portion thereof, a new substitute Series 2016 Bond or Series 2016 Bonds shall be issued in exchange therefor in the manner herein provided. As of the date this Ordinance is approved by the City, the Designated Trust Office is the Dallas, Texas office of U.S. Bank National Association set forth in the "Paying Agent/Registrar Agreement" executed by the City and the Paying Agent/Registrar in connection with the sale and delivery of the Series 2016 Bonds.

(b) The entity in whose name any Series 2016 Bond shall be registered in the Registration Books at any time shall be treated as the absolute owner thereof for all purposes of this Ordinance, whether such Series 2016 Bond shall be overdue, and the City and the Paying Agent/Registrar shall not be affected by any notice to the contrary; and payment of, or on account of, the principal of, premium, if any, and interest on any such Series 2016 Bond shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2016 Bond to the extent of the sum or sums so paid.

(c) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Series 2016 Bonds, and to act as its agent to exchange or replace Series 2016 Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Series 2016 Bonds, and of all exchanges thereof, and all replacements thereof, as provided in this Ordinance.

(d) Each Series 2016 Bond may be exchanged for fully registered bonds in the manner set forth herein. Each Series 2016 Bond issued and delivered pursuant to this Ordinance, to the extent of the unredeemed principal amount thereof, may, upon surrender thereof at the Designated Trust Office of the Paying Agent/Registrar, together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof, or its or their duly authorized attorneys or representatives, with guarantee of signatures satisfactory to the Paying Agent/Registrar, at the option of the registered owner or such assignee or assignees, as appropriate, be exchanged for fully registered bonds, without interest coupons, in the form prescribed in the FORM OF BOND, in an Authorized Denomination (subject to the requirement hereinafter stated that each substitute Series 2016 Bond shall have a single stated maturity date), as requested in writing by such registered owner or such assignee or assignees, in an aggregate principal amount equal to the unredeemed principal amount of any Series 2016 Bond or Series 2016 Bonds so surrendered, and payable to the appropriate registered owner, assignee, or assignees, as the case may be. If a portion of any Series 2016 Bond shall be redeemed prior to its scheduled maturity as provided herein, a substitute bond or bonds having the same maturity date, bearing interest at the same rate, in an Authorized Denomination at the 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 surrender thereof for cancellation. If any Series 2016 Bond or portion thereof is assigned and transferred, each Series 2016 Bond issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Series 2016 Bond for which it is being exchanged. Each substitute Series 2016 Bond shall bear a letter and/or number to distinguish it from each other

Series 2016 Bond. The Paying Agent/Registrar shall exchange or replace Series 2016 Bonds as provided herein, and each fully registered bond or bonds delivered in exchange for or replacement of any Series 2016 Bond or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the Series 2016 Bonds for all purposes of this Ordinance, and may again be exchanged or replaced. It is specifically provided, however, that any Series 2016 Bond delivered in exchange for or replacement of another Series 2016 Bond prior to the first scheduled interest payment date on the Series 2016 Bonds (as stated on the face thereof) shall be dated the same date as such Series 2016 Bond, but each substitute Series 2016 Bond so delivered on or after such first scheduled interest payment date shall be dated as of the interest payment date preceding the date on which such substitute Series 2016 Bond is delivered, unless such substitute Series 2016 Bond is delivered on an interest payment date, in which case it shall be dated as of such date of delivery; provided, however, that if at the time of delivery of any substitute Series 2016 Bond the interest on the Series 2016 Bond for which it is being exchanged has not been paid, then such substitute Series 2016 Bond shall be dated as of the date to which such interest has been paid in full. On each substitute Series 2016 Bond issued in exchange for or replacement of any Series 2016 Bond or Series 2016 Bonds issued under this Ordinance there shall be printed thereon a Paying Agent/Registrar's Authentication Certificate, in the form hereinafter set forth in the FORM OF BOND (the "Authentication Certificate"). An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such substitute Series 2016 Bond, date such substitute Series 2016 Bond in the manner set forth above, and manually sign and date the Authentication Certificate, and no such substitute Series 2016 Bond shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Series 2016 Bonds surrendered for exchange or replacement. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing exchange or replacement of any Series 2016 Bond or portion hereof, 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 Chapter 1206, Texas Government Code, the duty of exchange or replacement of any Series 2016 Bond as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the Authentication Certificate, the exchanged or replaced bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Series 2016 Bonds which originally were delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts. Neither the City nor the Paying Agent/Registrar shall be required (1) to issue, transfer, or exchange any Series 2016 Bond during a period beginning at the opening of business thirty (30) days before the day of the first mailing of a notice of redemption of Series 2016 Bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Series 2016 Bond so selected for redemption in whole when such redemption is scheduled to occur within thirty (30) calendar days.

(e) All Series 2016 Bonds issued in exchange or replacement of any other Series 2016 Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Series 2016 Bonds to be payable only to the registered owners thereof, (ii) may be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be exchanged for other Series 2016 Bonds, (v) shall have the characteristics, (vi) shall be signed and sealed, and (vii) the principal of and interest on the Series 2016 Bonds shall be payable, all as provided, and in the manner required or indicated, in the FORM OF BOND.

(f) The City shall pay the Paying Agent/Registrar's reasonable and customary fees and charges for making transfers of Series 2016 Bonds, but the registered owner of any Series 2016 Bond requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto. The registered owner of any Series 2016 Bond requesting any exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for exchanging any such bond or portion thereof, together with any taxes or governmental charges required to be paid with respect thereto, all as a condition precedent to the exercise of such privilege of exchange, except, however, that in the case of the exchange of an assigned and transferred Series 2016 Bond or Bonds or any portion or portions thereof in any Authorized Denomination, and in the case of the exchange of the unredeemed portion of a Series 2016 Bond which has been redeemed in part prior to maturity, as provided in this Ordinance, such fees and charges will be paid by the City. In addition, the City hereby covenants with the registered owners of the Series 2016 Bonds that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Series 2016 Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer or registration of Series 2016 Bonds solely to the extent above provided, and with respect to the exchange of Series 2016 Bonds solely to the extent above provided.

(g) The City covenants with the registered owners of the Series 2016 Bonds that at all times while the Series 2016 Bonds are outstanding the City will provide a competent and legally qualified bank, trust company, financial institution, or other agency to act as and perform the services of paying agent and registrar for the Series 2016 Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. The City reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than sixty (60) days written notice to the Paying Agent/Registrar. 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 City covenants that promptly it will appoint a competent and legally qualified national or state banking institution which shall be a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers, subject to supervision or examination by federal or state authority, and whose qualifications substantially are similar to the previous Paying Agent/Registrar 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 Series 2016 Bonds, to the new Paying Agent/Registrar designated and appointed by the City. Upon any change in the Paying Agent/Registrar, the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Series 2016 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.

(h) (i) In addition to the manner of providing notice of redemption of Series 2016 Bonds as set forth in this Ordinance, the Paying Agent/Registrar shall give notice of redemption of Series 2016 Bonds by United States mail, first-class postage prepaid, at least thirty (30) days prior to a redemption date to the MSRB (as defined in Section 15 hereof). In addition, in the event of a redemption caused by an advance refunding of the Series 2016 Bonds, the Paying Agent/Registrar shall send a second notice

of redemption to the persons specified in the immediately preceding sentence at least thirty (30) days but not more than ninety (90) days prior to the actual redemption date. Any notice sent to the MSRB shall be sent so that it is received at least two (2) days prior to the general mailing or publication date of such notice. The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the owner of any Series 2016 Bond who has not sent the Series 2016 Bonds in for redemption sixty (60) days after the redemption date.

(ii) Each redemption notice, whether required in the FORM OF BOND or otherwise by this Ordinance, shall contain a description of the Series 2016 Bonds to be redeemed, including the complete name of the Series 2016 Bonds, the series, the date of issue, the interest rate, the maturity date, the CUSIP number, the amounts called for redemption, the publication and mailing date for the notice, the date of redemption, the redemption price, the name of the Paying Agent/Registrar and the address at which the Series 2016 Bond may be redeemed, including a contact person and telephone number.

(iii) All redemption payments made by the Paying Agent/Registrar to the registered owners of the Series 2016 Bonds shall include CUSIP numbers relating to each amount paid to such registered owner.

6. That the form of all Series 2016 Bonds, including the form of the Comptroller's Registration Certificate to accompany the Series 2016 Bonds on the initial delivery thereof, the form of the Authentication Certificate, and the Form of Assignment to be printed on each of the Series 2016 Bonds, shall be, respectively, substantially in the form set forth in Exhibit A to this Ordinance, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance. The printer of the Series 2016 Bonds is hereby authorized to print on the Series 2016 Bonds (i) the form of bond counsel's opinion relating to the Series 2016 Bonds, and (ii) an appropriate statement of insurance furnished by a municipal bond insurance company providing municipal bond insurance, if any, covering all or any part of the Series 2016 Bonds.

7. (a) That a special fund or account, to be designated the "City of Richland Hills, Texas Series 2016 General Obligation Bonds Interest and Sinking Fund" (the "Interest and Sinking Fund") is hereby created and shall be established and maintained by the City. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used only for paying the interest on and principal of the Series 2016 Bonds. All ad valorem taxes levied and collected for and on account of the Series 2016 Bonds shall be deposited, as collected, to the credit of the Interest and Sinking Fund. During each year while any Series 2016 Bond is outstanding and unpaid, the City Council shall compute and ascertain the rate and amount of ad valorem tax, based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and costs of tax collections, which will be sufficient to raise and produce the money required to pay the interest on the Series 2016 Bonds as such interest comes due, and to provide a sinking fund to pay the principal (including mandatory sinking fund redemption payments, if any) of the Series 2016 Bonds as such principal matures, but never less than 2% of the outstanding principal amount of the Series 2016 Bonds as a sinking fund each year. The rate and amount of ad valorem tax is hereby ordered to be levied and is hereby levied against all taxable property in the City for each year while any Series 2016 Bond is outstanding and unpaid, and said ad valorem tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. The ad valorem taxes necessary to pay the interest on and principal of the Series 2016 Bonds, as such interest comes due, and such principal

matures or comes due through operation of the mandatory sinking fund redemption as provided in the FORM OF BOND, are hereby pledged for such purpose, within the limit prescribed by law. Notwithstanding the foregoing, if the City deposits or budgets to be deposited in the Interest and Sinking Fund any other revenues, income or resources, including, without limitation, revenues of the City's waterworks and sewer system remaining after paying operation and maintenance expenses of, and obligations issued by the City secured in whole or in part by the net revenues of the City's waterworks and sewer system, in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of ad valorem taxes which otherwise would have been required to be levied may be reduced to the extent and by the amount of the other revenues, income or resources then on deposit or budgeted to be deposited in the Interest and Sinking Fund.

(b) Chapter 1208, Texas Government Code, applies to the issuance of the Series 2016 Bonds and the pledge of ad valorem taxes made under Section 7(a) of this Ordinance, and such pledge is therefore valid, effective, and perfected. If Texas law is amended at any time while the Series 2016 Bonds are outstanding and unpaid such that the pledge of ad valorem taxes made by the City under Section 7(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 Series 2016 Bonds the perfection of the security interest in said pledge, the City 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.

8. (a) That in the event any outstanding Series 2016 Bond is damaged, mutilated, lost, stolen, or destroyed, the Paying Agent/Registrar shall cause to be printed, executed, and delivered, a new bond certificate of the same principal amount, maturity, and interest rate, as the damaged, mutilated, lost, stolen, or destroyed Series 2016 Bond, in replacement for such Series 2016 Bond in the manner hereinafter provided.

(b) Application for replacement of damaged, mutilated, lost, stolen, or destroyed Series 2016 Bonds shall be made to the Paying Agent/Registrar. In every case of loss, theft, or destruction of a Series 2016 Bond, the applicant for a replacement bond shall furnish to the City 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 Series 2016 Bond, the applicant shall furnish to the City and to the Paying Agent/Registrar evidence to their satisfaction of the loss, theft, or destruction of such Series 2016 Bond, as the case may be. In every case of damage or mutilation of a Series 2016 Bond, the applicant shall surrender to the Paying Agent/Registrar for cancellation the Series 2016 Bond so damaged or mutilated.

(c) Notwithstanding the foregoing provisions of this Section, in the event any such Series 2016 Bond shall have matured, and no default has occurred which is then continuing in the payment of the principal of, redemption premium, if any, or interest on the Series 2016 Bond, the City may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Series 2016 Bond) instead of issuing a replacement Series 2016 Bond, provided security or indemnity is furnished as above provided in this Section.

(d) Prior to the issuance of any replacement bond, the Paying Agent/Registrar shall charge the owner of such Series 2016 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

Series 2016 Bond is lost, stolen, or destroyed shall constitute a contractual obligation of the City whether or not the lost, stolen, or destroyed Series 2016 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 Series 2016 Bonds duly issued under this Ordinance.

(e) In accordance with Chapter 1206, Texas Government Code, 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 City 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, subject to the conditions imposed by this Section 8 of this Ordinance, and the Paying Agent/Registrar shall authenticate and deliver such bonds in the form and manner and with the effect, as provided in Section 5(d) of this Ordinance for Series 2016 Bonds issued in exchange for other Series 2016 Bonds.

9. That the City Manager of the City or the designee thereof is hereby authorized to have control of the Series 2016 Bonds and all necessary records and proceedings pertaining to the Series 2016 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 Series 2016 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 accompanying the Series 2016 Bonds, and the seal of said Comptroller shall be impressed, or placed in facsimile, on each such certificate. The City Council hereby authorizes the payment of the fee of the Office of the Attorney General of the State of Texas for the examination of the proceedings relating to the issuance of the Series 2016 Bonds, in the amount determined in accordance with the provisions of Section 1202.004, Texas Government Code.

10. (a) That the sale of the Bonds to [\_\_\_\_\_] (the "Purchaser"), at the price of par, [plus a premium of \$\_\_\_\_\_], is hereby authorized, ratified and confirmed. One Bond in the principal amount as set forth in Section 2 hereof shall be delivered to the Purchaser, and the Purchaser shall have the right to exchange such Bonds as provided in Section 5 hereof without cost. The sale of the Bonds to the Purchaser was the result of the best bid received by the City, is on terms that are most advantageous to the City reasonably obtained and, upon the advice of the City's financial advisor, is in the best interests of the City. Concurrently with the sale of the Series 2016 Bonds, the City is authorizing the issuance and sale of its Combination Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2016 (the "Certificates"). The Notice of Sale may provide for the conditions and terms relating to the sale of the Series 2016 Bonds and the Certificates.

(b) That the "Official Statement" prepared in connection with the sale of the Series 2016 Bonds, in substantially the form attached to this Ordinance, is hereby accepted, approved and authorized to be delivered in executed form to the Underwriter. The use of the "Preliminary Official Statement" prepared in connection with the sale of the Series 2016 Bonds is hereby ratified.

(c) That the Mayor, the City Secretary, the City Manager, any Assistant City Manager, the Director of Finance, and all other officers, employees, and agents of the City, 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 City all such instruments, whether herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, and the sale and delivery of the Bonds and fixing all details in connection therewith.

(d) That pursuant to Texas Government Code Section 2252.908, the Purchaser has delivered to the City the Certificate of Interested Parties Form 1295 and certification of filing generated by the Texas Ethics Commission electronic portal, signed by an authorized agent.

11. That the Issuer covenants to take any action to assure, or refrain from any action which would adversely affect, the treatment of the Series 2016 Bonds as obligations described in section 103 of the Internal Revenue Code of 1986 (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 Issuer covenants as follows:

(a) to take any action to assure that no more than 10 percent of the proceeds of the Series 2016 Bonds or the projects financed 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 are so used, that amounts, whether or not received by the Issuer, 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 Series 2016 Bonds, in contravention of section 141(b)(2) of the Code;

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Series 2016 Bonds or the projects financed 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;

(c) 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 Series 2016 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;

(d) to refrain from taking any action which would otherwise result in the Series 2016 Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

(e) to refrain from taking any action which would result in the Series 2016 Bonds being "federally guaranteed" within the meaning of section 149(b) of the Code;

(f) to refrain from using any portion of the proceeds of the Series 2016 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 Series 2016 Bonds, other than investment property acquired with –

(1) proceeds of the Series 2016 Bonds invested for a reasonable temporary period, until such proceeds are needed for the purpose for which the Series 2016 Bonds are issued,

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

(3) 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 Series 2016 Bonds;

(g) to otherwise restrict the use of the proceeds of the Series 2016 Bonds or amounts treated as proceeds of the Series 2016 Bonds, as may be necessary, so that the Series 2016 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

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Series 2016 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 sixty (60) days after the Series 2016 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.

For purposes of the foregoing clauses (a) and (b) above, the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of a refunding bond, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of the issuance of the Series 2016 Bonds. It is the understanding of the Issuer 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 Series 2016 Bonds, the Issuer 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 Series 2016 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 Series 2016 Bonds, the Issuer 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 the foregoing, the Mayor, the City Manager, any Assistant City Manager, and the Director of Finance may execute any certificates or other reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2016 Bonds.

In order to facilitate compliance with the above clause (h), a "Rebate Fund" is hereby established by the City for the sole benefit of the United States of America, and such Rebate Fund shall not be subject to the claim of any other person, including without limitation the registered owners of the Series 2016 Bonds. The Rebate Fund is established for the additional purpose of compliance with section 148 of the Code.

12. That the Issuer covenants to account for the expenditure of proceeds from the sale of the Series 2016 Bonds and any investment earnings thereon to be used for the purposes described in clause (ii) of Section 1 of this Ordinance (each such purpose referred to herein and Section 13 hereof as a "Project") on its books and records by allocating proceeds to expenditures within eighteen (18) months of the later of the date that (a) the expenditure on a Project is made or (b) each such Project is

completed. The foregoing notwithstanding, the Issuer shall not expend such proceeds or investment earnings more than sixty (60) days after the later of (a) the fifth anniversary of the date of delivery of the Series 2016 Bonds or (b) the date the Series 2016 Bonds are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel substantially to the effect that such expenditure will not adversely affect the tax-exempt status of the Series 2016 Bonds.

13. That the Issuer covenants that the property constituting a Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Series 2016 Bonds. For purposes of this Section, the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this Section, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

14. That unless superseded by another action of the City, to ensure compliance with the covenants contained herein regarding private business use, remedial actions, arbitrage and rebate, the written procedures approved by the ordinance adopted the City Council on June 18, 2013, in connection with the issuance of the City's Combination Tax and Water and Sewer System Revenue Certificates of Obligation, Series 2013, shall apply to the Series 2016 Bonds.

15. (a) *Definitions.* That the following terms have the meanings ascribed to such terms below:

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) *Annual Reports.* (i) The City shall provide annually to the MSRB, within six months after the end of each fiscal year ending in or after 2015, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by Section 10 of this Ordinance, being the information described in Exhibit B hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City commissions an audit of such statements and the audit is completed within twelve month after the end of each fiscal year ending in or after 2015. If the audit of such financial statements is not complete within such twelve month period, then the City shall provide notice that the audited financial statements are not available and provide unaudited financial statements by such twelve month period, and shall provide audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements becomes available.

(ii) If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more

documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC. All filings shall be made electronically, in the format specified by the MSRB.

(c) *Disclosure Event Notices.* The City shall notify the MSRB of any of the following events with respect to the Series 2016 Bonds, in a timely manner not in excess of ten Business Days after the occurrence of the event:

1. Principal and interest payment delinquencies;
2. Non-payment related defaults, if material;
3. Unscheduled draws on debt service reserves reflecting financial difficulties;
4. Unscheduled draws on credit enhancements reflecting financial difficulties;
5. Substitution of credit or liquidity providers, or their failure to perform;
6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2016 Bonds, or other material events affecting the tax status of the Series 2016 Bonds;
7. Modifications to rights of holders of the Series 2016 Bonds, if material, and tender offers;
8. Series 2016 Bond calls, if material, and tender offers;
9. Defeasances;
10. Release, substitution, or sale of property securing repayment of the Series 2016 Bonds;
11. Rating changes;
12. Bankruptcy, insolvency, receivership or similar event of the City;
13. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
14. Appointment of a successor Paying Agent/Registrar or change in the name of the Paying Agent/Registrar, if material.

The term "Business Day" means a day other than a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Trust Office of the Paying Agent/Registrar is located are authorized by law or executive order to close. As used in clause 12 above, the phrase "bankruptcy, insolvency, receivership or similar event" means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if jurisdiction has been assumed by leaving the City and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan or reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City. The City shall notify the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection.

(d) *Limitations, Disclaimers, and Amendments.* (i) The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Series 2016 Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with this Ordinance or applicable law that causes any Series 2016 Bonds no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Series 2016 Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Series 2016 Bonds at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY SERIES 2016 BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the City 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 City under federal and state securities laws.

(v) Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City agrees to undertake such obligation in accordance with the Rule as amended.

(vi) The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Series 2016 Bonds in the primary offering of the Series 2016 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 registered owners 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 Series 2016 Bonds consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Series 2016 Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or

operating data next provided in accordance with subsection (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. The City 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 Series 2016 Bonds in the primary offering of the Series 2016 Bonds.

16. That interest earnings derived from the investment of proceeds from the sale of the Series 2016 Bonds may be used along with other available bond proceeds for the construction of the permanent improvements set forth in clause (ii) of Section 1 hereof for which a portion of the Series 2016 Bonds are issued or for the payment of debt service on the Series 2016 Bonds; provided that after completion of such permanent improvements, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on bond proceeds which are required to be rebated to the United States of America pursuant to Section 11 hereof in order to prevent the Series 2016 Bonds from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

17. That the Series 2016 Bonds initially shall be issued and delivered in such manner that no physical distribution of the Series 2016 Bonds will be made to the public, and The Depository Trust Company ("DTC"), New York, New York, initially will act as depository for the Series 2016 Bonds. DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934, as amended, and the City accepts, but in no way verifies, such representations. The Series 2016 Bonds initially authorized by this Ordinance shall be delivered to and registered in the name of CEDE & CO., the nominee of DTC. It is expected that DTC will hold the Series 2016 Bonds on behalf of the Underwriter (as defined in Section 10) and their participants. So long as each Series 2016 Bond is registered in the name of CEDE & CO., the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner thereof. It is expected that DTC will maintain a book-entry system which will identify ownership of the Series 2016 Bonds in Authorized Denominations, with transfers of ownership being effected on the records of DTC and its participants pursuant to rules and regulations established by them, and that the Series 2016 Bonds initially deposited with DTC shall be immobilized and not be further exchanged for substitute Series 2016 Bonds except as hereinafter provided. The City is not responsible or liable for any functions of DTC, will not be responsible for paying any fees or charges with respect to its services, will not be responsible or liable for maintaining, supervising, or reviewing the records of DTC or its participants, or protecting any interests or rights of the beneficial owners of the Series 2016 Bonds. It shall be the duty of the DTC Participants, as defined in the Official Statement herein approved, to make all arrangements with DTC to establish this book-entry system, the beneficial ownership of the Series 2016 Bonds, and the method of paying the fees and charges of DTC. The City does not represent, nor does it in any way covenant that the initial book-entry system established with DTC will be maintained in the future. Notwithstanding the initial establishment of the foregoing book-entry system with DTC, if for any reason any of the originally delivered Series 2016 Bonds is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution, as provided for in this Ordinance, substitute Series 2016 Bonds will be duly delivered as provided in this Ordinance, and there will be no

assurance or representation that any book-entry system will be maintained for such Series 2016 Bonds. In connection with the initial establishment of the foregoing book-entry system with DTC, the City heretofore has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above.

18. (a) *Defeased Bonds.* That any Series 2016 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 (e) of this Section, when payment of the principal of, and premium, if any, on such Series 2016 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 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 Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Bonds shall have become due and payable. At such time as a Series 2016 Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Series 2016 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. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Bonds that is made in conjunction with the payment arrangements specified in subsection 18(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Bonds for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Bonds immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) *Investment in Defeasance Securities.* Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer 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 Issuer, or deposited as directed in writing by the Issuer. 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 18(a)(i) or (ii). 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 Issuer or deposited as directed in writing by the Issuer.

(c) *Selection of Defeased Bonds.* In the event that the Issuer elects to defease less than all of the principal amount of Series 2016 Bonds of a maturity, the Paying Agent/Registrar shall select, or cause to be selected, such amount of Series 2016 Bonds by such random method as it deems fair and appropriate.

(d) *Defeasance Securities Defined.* 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 Issuer 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 hereafter authorized under then applicable state law in existence at the time of such defeasance that are eligible to discharge obligations such as the Series 2016 Bonds.

(e) *Continuing Duty 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 Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

19. That the City hereby reserves the right to amend this Ordinance subject to the following terms and conditions.

(a) *Amendments Not Requiring Consent.* The City may from time to time, without the consent of any holder of the Series 2016 Bonds, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (1) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interest of the holders of the Series 2016 Bonds, (2) grant additional rights or security for the benefit of the holders of the Series 2016 Bonds, (3) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interest of the holders of the Series 2016 Bonds, (4) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (5) make such other provisions in regard to matters or questions arising under this Ordinance that are not inconsistent with the provisions hereof and which, in the opinion of nationally-recognized bond counsel selected by the City, do not materially adversely affect the interests of the holders of the Series 2016 Bonds.

(b) *Amendments With Consent.* Except as provided in paragraph (a) above, the holders of the Series 2016 Bonds aggregating in principal amount a majority of the aggregate principal amount of then outstanding Series 2016 Bonds that are subject to a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the City; provided, however, that without the consent of 100% in aggregate principal amount of the Series 2016 Bonds then outstanding, nothing herein contained shall permit or be construed to permit amendment of

the terms and conditions of this Ordinance or in any of the Series 2016 Bonds so as to:

- (1) Make any change in the maturity of any of the outstanding Series 2016 Bonds,
- (2) Reduce the rate of interest borne by any of the outstanding Series 2016 Bonds,
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Series 2016 Bonds,
- (4) Modify the terms of payment of principal of, redemption premium, if any, or interest on the outstanding Series 2016 Bonds, or imposing any condition with respect to such payment, or
- (5) Change the minimum percentage of the principal amount of the Series 2016 Bonds necessary for consent to such amendment.

(c) *Notice.* If at any time the City shall desire to amend this Ordinance, the City shall send by United States mail, first-class postage prepaid, to each registered owner of the affected Series 2016 Bonds a notice of the proposed amendment and cause a copy of the proposed amendment to be published at least once in a financial newspaper or journal of general circulation in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the principal office of the Paying Agent/Registrar for inspection by all owners of Series 2016 Bonds.

(d) *Receipt of Consents.* Whenever at any time within one year from the date of the first publication of said notice or other service of written notice of the proposed amendment the City shall receive an instrument or instruments executed by all of the owners or the owners of at least a majority in aggregate principal amount of Series 2016 Bonds, as appropriate, which instrument or instruments shall refer to the proposed amendment described in said notice and which specifically consent to and approve such amendment in substantially the form of the copy thereof on file as aforesaid, the City may adopt the amendatory ordinance in substantially the same form.

(e) *Effect of Amendments.* Upon the adoption by the City of any ordinance to amend this Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be amended in accordance with the amendatory ordinance, and the respective rights, duties, and obligations of the City and all the owners of then outstanding Series 2016 Bonds and all future Series 2016 Bonds shall thereafter be determined, exercised, and enforced under this Ordinance, as amended.

(f) *Consent Irrevocable.* Any consent given by any owner of Series 2016 Bonds pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the first publication or other service of the notice provided for in this Section, and shall be conclusive and binding upon all future owners of the same Series 2016 Bonds during such period. Such consent may be revoked at any time after six months from the date of the first publication of such notice by the owner who gave such consent, or by a successor in title, by filing notice thereof with the Paying Agent/Registrar and the City, but such revocation shall not be effective if the owners of a majority in aggregate principal amount of Series 2016 Bonds, prior to the attempted revocation, consented to and approved the amendment.

(g) *Ownership.* For the purpose of establishing ownership of the Series 2016 Bonds, the City shall rely solely upon the registration of the ownership of such Series 2016 Bonds on the Registration Books kept by the Paying Agent/Registrar.

20. (a) *Events of Default.* That each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default:

(i) the failure to make payment of the principal of or interest on any Series 2016 Bond when the same becomes due and payable; or

(ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the registered owners of the Series 2016 Bonds, including, but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of sixty (60) days after notice of such default is given by any registered owner to the City.

(b) *Remedies for Default.*

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

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all registered owners of Series 2016 Bonds then outstanding.

(c) *Remedies Not Exclusive.*

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Series 2016 Bonds or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Ordinance, the right to accelerate the debt evidenced by the Series 2016 Bonds shall not be available as a remedy under this Ordinance.

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

(iii) By accepting the delivery of a Series 2016 Bond authorized under this Ordinance, such registered owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers, employees or members of the City or the City Council.

(iv) None of the members of the City Council, nor any other official or officer, agent, or employee of the City, shall be charged personally by the registered owners with any liability, or be held personally liable to the registered owners under any term or provision of this Ordinance, or because of any Event of Default or alleged Event of Default under this Ordinance.

21. That the findings set forth in the preamble to this Ordinance are hereby incorporated into the body of this Ordinance and made a part hereof for all purposes.

22. That the proceeds from the sale of the Series 2016 Bonds shall be used in the manner described in the letter of instructions executed by the City or on behalf of the City by its financial advisor. The foregoing notwithstanding, proceeds representing accrued interest on the Series 2016 Bonds shall be deposited to the credit of the Interest and Sinking Fund and proceeds representing premium on the Series 2016 Bonds shall be used in a manner consistent with the provisions of Section 1201.042(d), Texas Government Code.

23. That all ordinances and resolutions or parts thereof in conflict herewith are hereby repealed. In accordance with the provisions of V.T.C.A., Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

24. That 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, as amended.

25. That for all purposes of this Ordinance, unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Ordinance. The words "herein", "hereof" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision. Except where the context otherwise requires, terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa. References to any named person means that party and its successors and assigns. References to any constitutional, statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City and any future amendments thereto or successor provisions thereof. Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of any mandatory sinking fund redemption payments. Any reference to "FORM OF BOND" shall refer to the form of the Series 2016 Bonds set forth in Exhibit A to this Ordinance.

**EXHIBIT A**

FORM OF BOND

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

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

UNITED STATES OF AMERICA  
STATE OF TEXAS  
COUNTY OF TARRANT  
CITY OF RICHLAND HILLS, TEXAS  
GENERAL OBLIGATION BONDS  
SERIES 2016

MATURITY DATE    INTEREST RATE    DELIVERY DATE    CUSIP

March 3, 2016

ON THE MATURITY DATE SPECIFIED ABOVE, THE CITY OF RICHLAND HILLS, TEXAS (the "City" or the "Issuer"), being a political subdivision of the State of Texas, hereby promises to pay to \_\_\_\_\_, or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of:

\_\_\_\_\_ DOLLARS

and to pay interest thereon, from the Delivery Date specified above, to the maturity date specified above, or the date of its redemption prior to scheduled maturity, at the rate of interest per annum specified above, with said interest being payable on February 15, 2017, and semiannually on each August 15 and February 15 thereafter; except that if the Paying Agent/Registrar's Authentication Certificate appearing on the face of this Bond is dated later than February 15, 2017, such interest is payable semi-annually on each August 15 and February 15 following such date.

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 (an "Authorized Denomination"). 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 or redemption prior to maturity at the designated corporate trust office in Dallas, Texas (the "Designated Payment Office"), of U.S. Bank National Association, 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 as shown by the Registration Books kept by the Paying Agent/Registrar at the close of business on the 15th day of the month next preceding such interest payment date by check, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check 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 appears on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. Any accrued interest due at maturity or upon redemption of this Bond prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Bond for redemption and payment at the Designated Payment Office of the Paying Agent/Registrar. The Issuer covenants with the registered

owner of this Bond that no later than each principal payment and/or interest payment date for this Bond it will make available to the Paying Agent/Registrar from the Interest and Sinking Fund as defined by the ordinance authorizing the Bonds (the "Ordinance") the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Bonds, when due.

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 Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner of a Bond appearing on the registration books of the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

IF THE DATE for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday, or a day on which banking institutions in the city where the Designated Payment 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. Notwithstanding the foregoing, during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, any payment to the securities depository, or its nominee or registered assigns, shall be made in accordance with existing arrangements between the Issuer and the securities depository.

THIS BOND, dated February 1, 2016, is one of a Series of Bonds of like tenor and effect except as to number, principal amount, interest rate, maturity and option of redemption, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of [\$8,765,000], for the purpose of financing park and recreation improvements in the City and to pay the costs of issuing the Bonds.

ON AUGUST 1, 2025, or on any date thereafter, the Bonds of this Series maturing on August 1, 2026 and thereafter may be redeemed prior to their scheduled maturities, at the option of the Issuer, in whole, or in part, at par and accrued interest to the date fixed for redemption. The years of maturity of the Bonds called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Bonds or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar; provided, that during any period in which ownership of the Bonds is determined only by a book entry at a securities depository for the Bonds, if fewer than all of the Bonds of the same maturity and bearing the same interest rate are to be redeemed, the particular Bonds of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository.

[THE BONDS are also subject to mandatory redemption in part by lot pursuant to the terms of the Bond Ordinance, on August 15 in each of the years 2018 through 2046, inclusive, in the

following years and in the following amounts, at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium:

<u>YEAR</u>	<u>PRINCIPAL AMOUNT (\$)</u>	<u>YEAR</u>	<u>PRINCIPAL AMOUNT (\$)</u>
2018	130,000	2033	305,000
2019	130,000	2034	310,000
2020	175,000	2035	320,000
2021	180,000	2036	330,000
2022	185,000	2037	340,000
2023	235,000	2038	355,000
2024	240,000	2039	370,000
2025	240,000	2040	385,000
2026	250,000	2041	400,000
2027	255,000	2042	415,000
2028	260,000	2043	430,000
2029	270,000	2044	450,000
2030	275,000	2045	465,000
2031	285,000	2046	485,000
2032	295,000		

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\* Final Maturity

To the extent, however, that Bonds subject to sinking fund redemption have been previously purchased or called for redemption in part and otherwise than from a sinking fund redemption payment, each annual sinking fund payment for such Bond shall be reduced by the amount obtained by multiplying the principal amount of Bonds so purchased or redeemed by the ratio which each remaining annual sinking fund redemption payment for such Bonds bears to the total remaining sinking fund payments, and by rounding each such payment to the nearest \$5,000 integral.]

NOTICE OF any such redemption of Bonds shall be given in the following manner, to-wit, a written notice of such redemption shall be given to the registered owner of each Bond or a portion thereof being called for redemption not less than 30 days prior to the date fixed for such redemption by depositing such notice in the United States mail, first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar. If such notice of redemption is given, and if due provision for such payment is made, all as provided above, this Bond, or the portion hereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for its redemption, and shall not be regarded as being outstanding except for the right of the registered owner

to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment. The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Bond or any portion hereof. If a portion of any Bond shall be redeemed a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in any Authorized Denomination, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Ordinance.

THE FOREGOING PARAGRAPH NOTWITHSTANDING, with respect to any optional redemption of the Bonds, unless certain prerequisites to such optional redemption required by the Ordinance have been met and money sufficient to pay the principal of, premium, if any, and interest on the Bonds to be redeemed will have been received by the Paying Agent/Registrar prior to giving such notice, such notice may state that the optional redemption will, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such money by the Paying Agent/Registrar on or prior to the date fixed for such redemption or upon any prerequisite set forth in the notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption are not satisfied, such notice will be of no force and effect, the City will not redeem such Bonds and the Paying Agent/Registrar will give notice in the manner in which the notice of redemption was given, to the effect that such Bonds will not be redeemed.

AS PROVIDED IN THE ORDINANCE, this Bond, or any unredeemed portion hereof, may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, and exchanged for a like aggregate principal amount of fully registered bonds, without interest coupons, payable to the appropriate registered owner, assignee, or assignees, as the case may be, having the same maturity date, and bearing interest at the same rate, in any Authorized Denomination 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 at its Designated Trust Office (as defined in the Ordinance) for cancellation, all in accordance with the form and procedures set forth in the 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 integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be transferred and 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 one requesting such exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for exchanging any Bond or portion thereof. The foregoing notwithstanding, in the case of the exchange of a portion of a Bond which has been redeemed prior to maturity, as provided herein, and in the case of the exchange of an assigned and transferred Bond or Bonds or any portion or portions thereof, such fees and charges of the Paying Agent/Registrar will be paid by the Issuer. 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, or exchange as a condition precedent to the exercise of such privilege. In any circumstance, neither the Issuer nor the Paying Agent/Registrar shall be required (1) to make any transfer or exchange during a period beginning at the

opening of business 30 days before the day of the first mailing of a notice of redemption of bonds and ending at the close of business on the day of such mailing, or (2) to transfer or exchange any Bonds so selected for redemption when such redemption is scheduled to occur within 30 calendar days.

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 Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and promptly will cause written notice thereof to be mailed to the registered owners of the Bonds.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond, and the series of which it is a part, is duly authorized by law; that the bonds issued for the permanent improvements heretofore described were approved by a vote of the resident, qualified electors of the City voting at an election held for that purpose within the City on November 3, 2015; that all acts, conditions and things required to be done precedent to and in the issuance of this series of bonds, and of this Bond, have been properly done and performed and have happened in regular and due time, form and manner as required by law; that sufficient and proper provision for the levy and collection of taxes has been made, which, when collected, shall be appropriated exclusively to the payment of this Bond and the series of which it is a part; and that the total indebtedness of the City, including the entire series of bonds of which this is one, does not exceed any constitutional, statutory or charter limitation.

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

IN WITNESS WHEREOF, this Bond has been signed with the manual or facsimile signature of the Mayor of the City and attested with the manual or facsimile signature of the City Secretary, and the official seal of the Issuer has been duly affixed to, or impressed, or placed in facsimile, on this Bond.

ATTEST:

XXXXXXXXXXXXXXXXX  
\_\_\_\_\_  
City Secretary, City of Richland Hills, Texas

XXXXXXXXXXXXXXXXX  
\_\_\_\_\_  
Mayor, City of Richland Hills, Texas

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Bond has been issued under the provisions of the proceedings adopted by the Issuer as described in the text of this Bond; and that this Bond has been issued in conversion of and exchange for or replacement of a bond, bonds, or a portion of a bond or bonds of an issue 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:

U.S. BANK NATIONAL ASSOCIATION,  
Paying Agent/Registrar

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

\* FORM OF COMPTROLLER'S CERTIFICATE (ATTACHED TO  
THE BONDS UPON INITIAL DELIVERY THEREOF)

OFFICE OF COMPTROLLER :

REGISTER NO. \_\_\_\_\_

STATE OF TEXAS :

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by the Attorney General as required by law, and that this Bond has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of Richland Hills, Texas, payable in the manner provided by and in the ordinance authorizing same, and said Bond has this day been registered by me.

WITNESS MY HAND and seal of office at Austin, Texas \_\_\_\_\_.

(SEAL)

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

FORM OF ASSIGNMENT:

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

\_\_\_\_\_

\_\_\_\_\_  
Please insert Social Security or Taxpayer  
Identification Number of Transferee

/ \_\_\_\_\_ /

\_\_\_\_\_  
(Please print or typewrite name and address, including  
zip code of Transferee)

\_\_\_\_\_  
the within Bond and all rights thereunder, 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.

**Exhibit B**  
**to**  
**Ordinance**

**DESCRIPTION OF ANNUAL FINANCIAL INFORMATION**

The following information is referred to in Section 15 of this Ordinance.

**Annual Financial Statements and Operating Data**

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

The information of the general type included in tables 1 through 6, inclusive, and 8 through 19, inclusive.

Appendix B to the Official Statement, **"Excerpts from the Annual Financial Report of the City of Richland Hills, Texas for the Fiscal Year Ended September 30, 2014"**.

**Accounting Principles**

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