

## CERTIFICATE FOR ORDINANCE

We, the undersigned City Secretary and Mayor of City of Wheeler, Texas hereby certify as follows:

1. The City Council of the City of Wheeler convened in Regular Session on September 16, 2013, at the regular meeting place thereof, and the roll was called of the duly constituted Mayor and members of said City Wheeler, to-wit:

|                 |        |
|-----------------|--------|
| Bob McCain      | Mayor  |
| Stacy McCasland | Member |
| Don Rose        | Member |
| Walter Simmons  | Member |
| Kendall Hefley  | Member |
| Barbara Koelzer | Member |

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

AN ORDINANCE authorizing the issuance of "CITY OF WHEELER, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2013"; providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the City's waterworks and sewer system revenues; providing the terms and conditions of such certificates of obligation and resolving other matters incident and relating to the issuance, payment, security, sale, and delivery of said certificates of obligation, and providing an effective date. was duly introduced for consideration of said City Wheeler. It was then duly moved and seconded that said Ordinance be passed; and, after due discussion, said motion, carrying with it the passage of said Ordinance, prevailed and carried by the following vote:

AYES: 5

NOES: 0

ABSTENTIONS: 0

ORDINANCE NO. 227

AN ORDINANCE authorizing the issuance of "CITY OF WHEELER, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2013"; providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the City's waterworks and sewer system revenues; providing the terms and conditions of such certificates of obligation and resolving other matters incident and relating to the issuance, payment, security, sale, and delivery of said certificates of obligation, and providing an effective date.

WHEREAS, notice of the City of Wheeler's intention to issue certificates of obligation in the maximum principal amount of \$4,610,000 for the purpose of paying contractual obligations of the City to be incurred for (i) the construction of public works, to wit: improvements to the city waterworks and sewer system including the acquisition of sites, construction and equipping of a water treatment facility and a new concentrate irrigation system (such construction being referred to herein as the "Project"), and (ii) professional services rendered in relation to such project and the financing thereof; has been duly published in a newspaper of general circulation in the City of Wheeler, Texas on July 25, 2013 and August 1, 2013 and

WHEREAS, no petition protesting the issuance of the certificates of obligation described in the aforesaid notice, signed by at least 5% of the qualified electors of the City, has been presented to or filed with the City Secretary on or prior to the date of the passage of this Ordinance; and

WHEREAS, the City Wheeler hereby finds and determines that \$4,610,000 principal amount of the certificates of obligation described in such notice should be authorized at this time; now, therefore,

BE IT ORDAINED BY THE CITY WHEELER OF THE CITY OF WHEELER, TEXAS:

SECTION 1: Authorization, Designation and Purpose. The City's certificates of obligation, to be designated "CITY OF WHEELER, TEXAS, COMBINATION TAX AND REVENUE CERTIFICATES OF OBLIGATION, SERIES 2013," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, specifically Subchapter C, Chapter 271, Texas Local Government, as amended, in the aggregate principal amount of \$4,610,000 for the purpose of paying contractual obligations to be incurred for the following purposes: (i) the construction of public works, to wit: improvements to the city waterworks and sewer system including the acquisition of sites, construction and equipping of a water treatment facility and a new concentrate irrigation system, and (ii) professional services

rendered in relation to such projects and the financing thereof. The Certificates shall be issued to the Purchaser to evidence a privately-placed and negotiated bank loan to the City by the Purchaser.

SECTION 2: Date, Denomination, Maturities, Numbers and Interest.

(a) The Certificates shall be dated September 15, 2013, shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple of \$5,000 in excess thereof, and shall be numbered separately from one upward, except the Initial Certificate which shall be numbered T-1.

(b) The Certificates shall mature on February 15 in the years and in the principal amounts set forth in the following schedule:

Serial Certificates

| <u>Year</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Year</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> |
|-------------|-----------------------------|--------------------------|-------------|-----------------------------|--------------------------|
| 2015        | 226,000                     | 3.070%                   | 2022        | 335,000                     | 3.070%                   |
| 2016        | 280,000                     | 3.070%                   | 2023        | 345,000                     | 3.070%                   |
| 2017        | 288,000                     | 3.070%                   | 2024        | 356,000                     | 3.070%                   |
| 2018        | 297,000                     | 3.070%                   | 2025        | 367,000                     | 3.070%                   |
| 2019        | 306,000                     | 3.070%                   | 2026        | 378,000                     | 3.070%                   |
| 2020        | 315,000                     | 3.070%                   | 2027        | 390,000                     | 3.070%                   |
| 2021        | 325,000                     | 3.070%                   | 2028        | 402,000                     | 3.070%                   |

Interest shall accrue and be paid on each Certificate, respectively, until payment of the principal amount of said Certificate shall have been paid or provision for such payment shall have been made, from the later of the date of delivery of the Certificates to the Purchaser (the "Delivery Date") or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually August 15, 2014 and on each February 15 and August 15 thereafter until maturity. Interest on the Certificates shall be calculated on the basis of a 360-day year composed of twelve 30-day months.

SECTION 3: [Reserved]

SECTION 4: Payment of Certificates - Paying Agent/Registrar. The principal of, premium, if any, and interest on the Certificates, due and payable by reason of maturity, redemption or otherwise, shall be payable, without exchange or collection charges to the registered owner thereof, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The selection and appointment of Compass Bank, Houston, Texas, to serve as Paying Agent/Registrar for the Certificates is hereby approved and confirmed, and the City agrees and covenants to cause to be kept and maintained at the principal office of the Paying Agent/Registrar, books and records (the "Security Register") for the registration, payment, and transfer of the Certificates, all as provided herein, in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", in form acceptable to the Mayor and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe; and the Mayor and City Secretary are authorized to execute and deliver such Agreement in connection with the delivery of the Certificates. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are paid, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution, or other entity duly qualified and legally authorized to act as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of the Certificates by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Both principal of, premium, if any, and interest on the Certificates, due and payable by reason of maturity, shall be payable only to the registered owners of the Certificates (hereinafter referred to as the "Holder" or "Holders") appearing on the Security Register and, to the extent permitted by law, neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the Certificates shall be payable at the Stated Maturity or redemption thereof only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its principal offices. Interest on the Certificates shall be paid to the Holder whose name appears in the Security Register at the close of business on the Record Date (the last business day of the month next preceding the interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent by United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the principal offices of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when banking institutions in the city where the principal offices of the Paying Agent/Registrar is located are authorized to close, and payment on such date shall have the same force and effect as if made on the original date payment was due.

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special

Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the 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.

SECTION 5: Optional Redemption. (a) The Certificates shall be subject to optional redemption before Stated Maturity only as provided in this Section 5.

(b) The City reserves the right, at the option of the City, to redeem or prepay Certificates or installments maturing on or after February 15, 2024, in whole or in part, prior to Stated Maturity, on February 15, 2023, or on any date thereafter, such redemption or prepayment date or dates to be fixed by the City, at a redemption price or prepayment amount equal to the principal amount thereof plus accrued interest to the redemption or prepayment date.

(c) The City, at least 45 days before the redemption or prepayment date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption or prepayment and of the principal amount of Certificates or installments to be redeemed or prepaid.

(d) If less than all of the Certificates are to be redeemed or prepaid pursuant to Section 5(b) the City shall determine the maturities and the principal amount thereof to be redeemed or prepaid and shall direct the Paying Agent/Registrar to call by lot such Certificates or installments for redemption or prepayment.

(e) A portion of a single Certificate of a denomination greater than \$5,000 may be redeemed or prepaid, but only in a principal amount equal to \$5,000 or any integral multiple thereof. The Paying Agent/Registrar shall treat each \$5,000 portion of such Certificate to be redeemed or prepaid as though it were a single Certificate for purposes of selection for redemption.

(f) Upon surrender of any Certificate for redemption in part, the Paying Agent/Registrar, in accordance with this Ordinance, shall authenticate and deliver exchange Certificates in an aggregate principal amount equal to the unredeemed or unpaid principal amount of the Certificate so surrendered, such exchange being without charge.

(g) The Paying Agent/Registrar shall give notice of any redemption or prepayment of Certificates by sending notice by first class United States mail, postage prepaid, not less than 30 days before the date fixed for redemption or prepayment, to the Owner of each Certificate or portion thereof to be redeemed or prepaid, at the address shown on the Register.

The City reserves the right to give notice of its election or direction to redeem or prepay Current Interest Certificates or installments under this Section 5 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption or prepayment is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption or prepayment, with the Paying Agent/Registrar, or such other

entity as may be authorized by law, no later than the redemption or prepayment date or (ii) that the City retains the right to rescind such notice at any time prior to the scheduled redemption or prepayment date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption or prepayment notice, and such notice and redemption or prepayment shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption or prepayment to the affected Owners. Any Current Interest Certificates subject to conditional redemption or prepayment where redemption or prepayment has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional redemption or prepayment, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption or prepayment date shall not constitute an Event of Default.

(h) The notice shall state the redemption or prepayment date, the redemption price or prepayment amount, the place at which the Certificates are to be surrendered for payment if required, and, if less than all the Certificates outstanding are to be redeemed, an identification of the Certificates or portions thereof to be redeemed or prepaid.

(i) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

(j) Before or on each redemption or prepayment date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption or prepayment date, and the Paying Agent/Registrar shall make provision for the payment of the Certificates or installments to be redeemed or prepaid on such date by setting aside and holding in trust such amounts as are received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the redemption price or prepayment amount of the Certificates being redeemed or prepaid.

(k) Upon presentation and surrender of any Certificate called for redemption at the Designated Payment/Transfer Office on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the redemption price or prepayment amount of such Certificate to the date of redemption or prepayment from the money set aside for such purpose. Interest on any Certificate or installment called for redemption or prepayment shall be paid to the Owner in accordance with the provisions of this Ordinance.

(l) Notice of redemption or prepayment having been given as provided in Section 5(g) of this Ordinance, the Certificates or portions thereof called for redemption or prepayment shall become due and payable on the date fixed for redemption or prepayment; thereafter, unless the City defaults in its obligation to make provision for the payment of the redemption price or installment amount, such Certificates or portions thereof shall cease to bear interest from the date fixed for redemption or prepayment, whether or not such Certificates required to be presented and surrendered are presented and surrendered for payment on such date.

(m) If the City shall fail to make provision for the payment of all sums due on a redemption or prepayment date, then any Certificate or portion thereof called for redemption shall continue to bear or accrue interest as provided in such Certificate until due provision is made for the payment of same by the City.

SECTION 6: Registration - Transfer - Exchange of Certificates - Predecessor Certificates. A Security Register relating to the registration, payment, and transfer or exchange of the Certificates shall at all times be kept and maintained by the City at the principal offices of the Paying Agent/Registrar, and the Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each registered owner of the Certificates issued under and pursuant to the provisions of this Ordinance. Any Certificate may, in accordance with its terms and the terms hereof, be transferred or exchanged for Certificates of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Paying Agent/Registrar at its principal offices for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon the surrender for transfer of any Certificate at the principal office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates, executed on behalf of, and furnished by, the City, of authorized denominations of a like aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holder, Certificates may be exchanged for other Certificates of authorized denominations and of like aggregate principal amount as the Certificates surrendered for exchange upon the surrender of the Certificates to be exchanged at the principal offices of the Paying Agent/Registrar. Whenever any Certificates are so surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Certificates, executed on behalf of, and furnished by the City, to the Holder requesting the exchange.

All Certificates issued upon any transfer or exchange of Certificates shall be delivered at the principal offices of the Paying Agent/Registrar, or sent by United States mail, first class postage prepaid, to the Holder and, upon the delivery thereof, the same shall be valid obligations of the City, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Certificates surrendered in such transfer or exchange.

All transfers or exchanges of Certificates pursuant to this Section shall be made without

expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Certificates," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Certificates" shall include any Certificate registered and delivered pursuant to Section 26 hereof in lieu of a mutilated, lost, destroyed, or stolen Certificate which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Certificate.

SECTION 7: Execution - Registration. The Certificates shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signatures of said officers on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of said individuals who are or were the proper officers of the City on the Certificate Date shall be deemed to be duly executed on behalf of the City, notwithstanding that such individuals or any of them shall cease to hold such offices prior to the delivery of the Certificates to the Purchaser, and with respect to Certificates delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201, Texas Government Code, as amended.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially as set forth in the form of the Initial Certificate provided in Section 9B, manually executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent, or a certificate of registration substantially as set forth in the form of the definitive Certificates provided in Section 9C, manually executed by an authorized officer, employee, or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified, registered, and delivered.

SECTION 8: Initial Certificate. The Certificates herein authorized shall be initially issued as a single fully registered certificate in the total principal amount and numbered T-1 (hereinafter called the "Initial Certificate") and the Initial Certificate shall be registered in the name of the Purchaser or the designee thereof. The Initial Certificate shall be the Certificate submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchaser. Any time after the delivery of the Initial Certificate, the Paying Agent/Registrar, pursuant to written instructions from the Purchaser or the designee thereof, shall cancel the Initial Certificate delivered hereunder and exchange therefor a definitive Certificate or Certificates of authorized denominations, for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the Purchaser, or the designee thereof, and such other information and documentation as the

Paying Agent/Registrar may reasonably require. For so long as the Initial Certificate shall be outstanding, it shall constitute an installment obligation of the City. For purposes of the provisions of this Ordinance pertaining to redemption or prepayment, each installment or portion thereof to be redeemed or prepaid shall be treated as if it were a separate Certificate except that no surrender of the Initial Certificate shall be required upon the prepayment of any installment or portion thereof.

#### SECTION 9: Forms.

A. Forms Generally. The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Certificate of Registration of the Paying Agent/Registrar, and the form of Assignment to be printed on the Certificates, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have, but shall not be required to have, such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or be determined by the officers executing such Certificates as evidenced by their execution thereof. Any portion of the text of any Certificate may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

The definitive Certificates shall be printed, lithographed, or engraved, or produced in any other manner, all as determined by the officers executing such Certificates as evidenced by their execution thereof, but the Initial Certificate submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

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

#### B. Form of Initial Certificate.

REGISTERED

No. T-1

REGISTERED

\$4,610,000

United States of America  
State of Texas

CITY OF WHEELER, TEXAS COMBINATION TAX  
AND REVENUE CERTIFICATES OF OBLIGATION,  
SERIES 2013

| <u>INTEREST RATE</u> | <u>MATURITY DATE</u> | <u>CERTIFICATE<br/>DATE</u> |
|----------------------|----------------------|-----------------------------|
| As Shown Below       | As Shown Below       | September 15, 2013          |

The City of Wheeler, Texas (the "City"), County of Wheeler, State of Texas, for value received, hereby promises to pay to

or registered assigns, on February 15 in the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Serial Certificates

| <u>Year</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> | <u>Year</u> | <u>Principal<br/>Amount</u> | <u>Interest<br/>Rate</u> |
|-------------|-----------------------------|--------------------------|-------------|-----------------------------|--------------------------|
|-------------|-----------------------------|--------------------------|-------------|-----------------------------|--------------------------|

and to pay interest on the unpaid principal amount hereof from the later of the date of delivery of the Certificates to the Purchaser or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing August 15, 2014.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the office of Compass Bank, Houston, Texas (the "Designated Payment/Transfer Office"), as Paying Agent/Registrar, or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Certificate is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying

Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. For the purpose of the payment of interest on this Certificate, the registered owner shall be the person in whose name this Certificate is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "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 Owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Certificates is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City in which the Designated Payment/Transfer Office 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 a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Certificate is one of a series of fully registered certificates specified in the title hereof issued in the aggregate principal amount of \$4,610,000 (herein referred to as the "Certificates") pursuant to a certain Ordinance of the City of Wheeler (the "Ordinance") for the purpose of paying contractual obligations to be incurred in connection with the Project (as defined in the Ordinance) and to pay the costs of issuance related to the Certificates.

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable from and secured by a subordinated lien on and limited pledge of the Net Revenues of the City's combined waterworks and sewer system (the "System"), as provided in the Ordinance. In the Ordinance, the City reserves and retains the right to issue Additional Certificates equally and ratably secured with the Certificates by a parity lien on and pledge of the Net Revenues.

Reference is hereby made to the Ordinance, a copy of which is on file at the principal offices of the Paying Agent/Registrar, and to all of the provisions of which the registered owner by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Certificates; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on the Certificates; the nature, extent, and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the registered owners; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate

deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein have the meanings assigned in the Ordinance.

The City has reserved the option to redeem or prepay Certificates or installments maturing on or after February 15, 2024, in whole or in part, before their respective scheduled maturity dates, on February 15, 2023, or on any date thereafter, at a price equal to the principal amount of the Certificates or installments so called for redemption or prepayment plus accrued interest to the date fixed for redemption or prepayment. If less than all of the Certificates are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed or prepaid and shall direct the Paying Agent/Registrar to call by lot or other customary method that results in a random selection the Certificates, or portions thereof, within such maturity and in such principal amounts, for redemption or prepayment.

Notice of such redemption or prepayment shall be given by first class mail, postage prepaid, not less than 30 days before the date fixed for redemption or prepayment, to the registered owner of each of the Certificates to be redeemed or prepaid in whole or in part. Notice having been so given, the Certificates or portions thereof designated for redemption or prepayment shall become due and payable on the redemption or prepayment date specified in such notice; from and after such date, notwithstanding that any of the Certificates or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Certificates or portions thereof shall cease to accrue.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Certificate is transferable upon surrender of this Certificate for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Certificates of the same stated maturity, of authorized denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Certificate is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Certificate is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Certificate be overdue, and neither the City nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Certificate and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Certificates have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Certificates, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City has caused this Certificate to be executed by the manual or facsimile signature of the Mayor of the City, countersigned by the manual or facsimile

signature of the City Secretary of the City, and the official seal of the City has been duly impressed or placed in facsimile on this Certificate.

\_\_\_\_\_  
City Secretary, Wheeler, Texas

\_\_\_\_\_  
Mayor, Wheeler, Texas

(SEAL)

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER )

OF PUBLIC ACCOUNTS ) REGISTER NO.

THE STATE OF TEXAS )

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

WITNESS my signature and seal of office this

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

(SEAL)

ASSIGNMENT

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

(Social Security or other identifying number \_\_\_\_\_) the within  
Certificate and all rights thereunder, and hereby irrevocably constitutes and  
appoints \_\_\_\_\_ attorney to transfer the within Certificate on the books

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

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

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

Signature guaranteed By:

\_\_\_\_\_  
Authorized Signatory

C. Form of Definitive Certificates.

REGISTERED

REGISTERED

No. 1

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

United States of America  
State of Texas

CITY OF WHEELER, TEXAS COMBINATION TAX  
AND REVENUE CERTIFICATES OF OBLIGATION,  
SERIES 2013

INTEREST RATE

MATURITY DATE

CERTIFICATE  
DATE

\_\_\_\_\_%

February 15, \_\_\_\_

September 15, 2013

The City of Wheeler, Texas, (the "City"), County of Wheeler, State of Texas, for value received, hereby promises to pay to

CEDE & CO.

or registered assigns, on the Maturity Date specified above, the sum of

\_\_\_\_\_ DOLLARS

and to pay interest on the unpaid principal amount hereof from the later of the date of delivery of the Certificates to the Purchaser or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing August 15, 2014.

The principal of this Certificate shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Certificate at the office of Compass Bank, Houston Texas (the "Designated Payment/Transfer Office"), as Paying Agent/Registrar, or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Certificate is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. For the purpose of the payment of interest on this Certificate, the registered owner shall be the person in whose name this Certificate is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "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 Owner of a Certificate appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Certificates is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the City in which the Designated Payment/Transfer Office 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 a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Certificate is one of a series of fully registered certificates specified in the title hereof issued in the aggregate principal amount of \$4,610,000 (herein referred to as the "Certificates") pursuant to a certain Ordinance of the City of Wheeler of the City (the "Ordinance") for the purpose of paying contractual obligations to be incurred in connection with the Project (as defined in the Ordinance) and to pay the costs of issuance related to the Certificates.

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and are additionally payable from and secured by a subordinated lien on and limited pledge of the Net Revenues of the City's

combined waterworks and sewer system (the "System"), as provided in the Ordinance. In the Ordinance, the City reserves and retains the right to issue Additional Certificates equally and ratably secured with the Certificates by a parity lien on and pledge of the Net Revenues.

Reference is hereby made to the Ordinance, a copy of which is on file at the principal offices of the Paying Agent/Registrar, and to all of the provisions of which the registered owner by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Certificates; the properties constituting the System; the Net Revenues pledged to the payment of the principal of and interest on the Certificates; the nature, extent, and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the registered owners; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the liens, pledges, charges, and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate deemed to be no longer Outstanding thereunder; and for the other terms and provisions thereof. Capitalized terms used herein have the meanings assigned in the Ordinance.

The City has reserved the option to redeem or prepay Certificates or installments maturing on or after February 15, 2024, in whole or in part, before their respective scheduled maturity dates, on February 15, 2023, or on any date thereafter, at a price equal to the principal amount of the Certificates so called for redemption or prepayment plus accrued interest to the date fixed for redemption or prepayment. If less than all of the Certificates are to be redeemed, the City shall determine the maturity or maturities and the amounts thereof to be redeemed or prepaid and shall direct the Paying Agent/Registrar to call by lot or other customary method that results in a random selection the Certificates, or portions thereof, within such maturity and in such principal amounts, for redemption or prepayment.

Notice of such redemption or prepayment shall be given by first class mail, postage prepaid, not less than 30 days before the date fixed for redemption or prepayment, to the registered owner of each of the Certificates to be redeemed or prepaid in whole or in part. Notice having been so given, the Certificates or portions thereof designated for redemption or prepayment shall become due and payable on the redemption or prepayment date specified in such notice; from and after such date, notwithstanding that any of the Certificates or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Certificates or portions thereof shall cease to accrue.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Certificate is transferable upon surrender of this Certificate for transfer at the Designated Payment/Transfer Office, with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar, and, thereupon, one or more new fully registered Certificates of the same stated maturity, of authorized denominations of \$5,000 or any integral multiple of \$5,000 in excess thereof, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Certificate is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Certificate is registered on the Record Date or Special Record Date, as applicable) and for all other purposes, whether or not this Certificate be overdue, and neither the City nor the Paying Agent/Registrar shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Certificate and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Certificates have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Certificates, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, the City has caused this Certificate to be executed by the manual or facsimile signature of the Mayor of the City, countersigned by the manual or facsimile signature of the City Secretary of the City, and the official seal of the City has been duly impressed or placed in facsimile on this Certificate.

\_\_\_\_\_  
City Secretary, Wheeler, Texas

\_\_\_\_\_  
Mayor, Wheeler, Texas

(SEAL)

#### REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

Compass Bank, Houston, Texas  
as Paying Agent/Registrar

Registration date:

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

## ASSIGNMENT

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

(Social Security or other identifying number) the within  
Certificate and all rights thereunder, and hereby irrevocably constitutes and  
appoints attorney to transfer the within Certificate on the  
books kept for registration thereof, with full power of substitution in the premises.

DATED:

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

Signature guaranteed By:

Authorized Signatory

SECTION 10: Definitions. For purposes of this Ordinance and for clarity with respect to the issuance of the Certificates herein authorized, and the levy of taxes and appropriation of Net Revenues therefor, the following words or terms, whenever the same appear herein without qualifying language, are defined to mean as follows:

(a) The term "Additional Certificates" shall mean combination tax and revenue certificates of obligation or other obligations which the City is authorized to issue, whether at the time of the adoption of this Ordinance or thereafter, hereafter issued under and pursuant to the provisions of Sections 271.041-271.063 Tex. Loc. Gov't. Code, or any similar law hereafter enacted, and payable from ad valorem taxes and additionally payable from and secured by a lien on and pledge of the Net Revenues on a parity with and of equal dignity with the lien and pledge securing the payment of the Certificates.

(b) The term "Certificates" shall mean the \$4,610,000 "City of Wheeler, Texas, Combination Tax and Revenue Certificates of Obligation, Series 2013" authorized by this Ordinance.

(c) The term "Certificate Fund" shall mean the special Fund created and established under the provisions of Section 11 of this Ordinance.

(d) The term "Collection Date" shall mean, when reference is being made to the levy and collection of annual ad valorem taxes, the date the annual ad valorem taxes levied each year by the City become delinquent.

(e) The Term "DTC" shall mean The Depository Trust Company of New York, New York, or any successor securities depository.

(f) The term "Fiscal Year" shall mean the annual financial accounting period used with respect to the System; provided, however, the City Wheeler may change, by ordinance duly passed, such annual financial accounting period to end on another date if such change is found and determined to be necessary for accounting purposes and to be consistent with the ordinances authorizing the additional obligations of the City.

(g) The term "Maintenance and Operation Expenses" shall mean all reasonable and necessary expenses directly related and attributable to the operation and maintenance of the System, including, but not limited to, the cost of insurance, the purchase and carrying of stores, materials, and supplies for servicing, repairing, or maintaining System facilities, the payment of salaries and labor, and other expenses reasonably and properly charged, under generally accepted accounting principles, to the operation and maintenance of the System. Depreciation charges on equipment, machinery, and other facilities comprising the System and expenditures classed under generally accepted accounting principles as capital expenditures shall not be considered as "Maintenance and Operation Expenses" for purposes of determining "Net Revenues".

(h) The term "Net Revenues" shall mean, with respect to any period, all income, revenues, and receipts received from the operation and ownership of the System less Maintenance and Operation expenses of the System during such period.

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

(1) those Certificates theretofore cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation and those installments payable under the Initial Certificate that have been previously paid by the City;

(2) those Certificates for which payment has been duly provided by the City in accordance with the provisions of Section 29 hereof by the irrevocable deposit with the Paying Agent/Registrar, or an authorized escrow agent, of money or Government Securities, or both, in the amount necessary to fully pay the principal of, premium, if any, and interest thereon to maturity; and

(3) those Certificates that have been mutilated, destroyed, lost, or stolen and for which (i) replacement Certificates have been registered and delivered in lieu thereof or (ii) have been paid, all as provided in Section 26 hereof.

(j) The term "System" shall mean the City's waterworks and sewer system, including

all present and future additions, extensions, replacements, and improvements thereto.

SECTION 11: Certificate Fund. The City covenants that for the purpose of paying the interest on and providing a sinking fund for the payment, redemption and retirement of the Certificates, there shall be and is hereby created a special Fund to be designated "Special 2010 Combination Tax and Revenue Certificate of Obligation Fund" (hereinafter, the "Certificate Fund") which Certificate Fund shall be kept and maintained at the City's depository bank, and moneys deposited in the Certificate Fund shall be used for no other purpose. Authorized officials of the City are hereby authorized and directed to make withdrawals from said Fund sufficient to pay the principal of and interest on the Certificates as the same become due and payable, and shall cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Certificate Fund (on or prior to a principal and/or interest payment date) an amount sufficient to pay the amount of principal and/or interest falling due on the Certificates.

SECTION 12: Tax Levy. To provide for the payment of the "Debt Service Requirements" on the Certificates being (i) the interest on said Certificates and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied for the current year and each succeeding year thereafter while said Certificates or any interest thereon shall remain Outstanding, a sufficient tax on each one hundred dollars' valuation of taxable property in said City, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund. The City Wheeler hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the said Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

The amount of taxes to be provided annually for the payment of the principal of and interest on the Certificates shall be determined and accomplished in the following manner:

(a) Prior to the date the City Wheeler establishes the annual tax rate and passes an ordinance levying ad valorem taxes each year, the City Wheeler shall determine:

(1) The amount on deposit in the Certificate Fund after (a) deducting therefrom the total amount of Debt Service Requirements to become due on Certificates prior to the Collection Date for the ad valorem taxes to be levied and (b) adding thereto the amount of the Net Revenues appropriated and allocated to pay such Debt Service Requirements prior to the Collection Date for the ad valorem taxes to be levied.

(2) The amount of Net Revenues appropriated and to be set aside for the payment of the Debt Service Requirements on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

(3) The amount of Debt Service Requirements to become due and payable on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

(b) The amount of taxes to be levied annually each year to pay the Debt Service Requirements on the Certificates shall be the amount established in paragraph (3) above less the sum total of the amounts established in paragraphs (1) and (2), after taking into consideration delinquencies and costs of collecting such annual taxes.

SECTION 13: Pledge of Net Revenues. The City hereby covenants and agrees that the Net Revenues of the System (within the limitation of a total amount of \$1,000) are hereby irrevocably pledged to the payment of the principal of and interest on the Certificates and the pledge of such Net Revenues herein made for the payment of the Certificates shall constitute a lien on such Net Revenues in accordance with the terms and provisions hereof and be valid and binding without any physical delivery thereof or further act by the City. The lien on and pledge of Net Revenues as security for the Certificates shall be subordinate to any lien on and pledge of Net Revenues securing previously issued and outstanding indebtedness of the City.

SECTION 14: System Fund. The City hereby covenants and agrees that all revenues derived from the operation and ownership of the System shall be kept separate and apart from all other funds, accounts, and moneys of the City, and shall be deposited as collected into the "City of Wheeler, Texas, Waterworks and Sewer System Fund" (hereinafter called the "System Fund"). All moneys deposited in the System Fund shall be pledged and appropriated to the extent required for the following purposes and in the order of priority shown, to wit:

First: To the payment of the reasonable and proper Maintenance and Operation Expenses of the System as defined herein or required by statute to be a first charge on and claim against the revenues of the System.

Second: To the payment of all amounts required to be deposited in any special funds created and established for the payment, security, and benefit of any obligations of the City having a prior lien on and pledge of the Net Revenues in accordance with the terms and provisions of any ordinance authorizing the issuance of any such obligations.

Third: To the payment of the amounts required to be deposited in the special funds and accounts created and established for the payment of the Certificates (the "Certificate Fund") and Additional Certificates.

Any Net Revenues remaining in the System Fund after satisfying the foregoing payments, or making adequate and sufficient provision for the payment thereof, may be appropriated and used for any other City purpose now or hereafter permitted by law.

SECTION 15: Deposits to Certificate Fund. Subject to the provisions of Section 13 hereof, the City hereby covenants and agrees to cause to be deposited in the Certificate Fund

from the pledged Net Revenues in the System Fund, the amount of Net Revenues pledged to the payment of the Certificates.

Deposits of the Net Revenues to be made to the Certificate Fund, as hereinabove provided, shall be made to such Fund. Accrued interest, if any, and premium, if any, received from the purchaser (the "Purchaser") of the Certificates shall be deposited to the Certificate Fund and ad valorem taxes levied, collected, and deposited in the Certificate Fund for and on behalf of the Certificates may be taken into consideration and utilized to reduce the amount of the deposits otherwise required to be deposited in the Certificate Fund from the Net Revenues of the System. In addition, any surplus proceeds from the sale of the Certificates not expended for authorized purposes shall be deposited in the Certificate Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said Fund from ad valorem taxes and the Net Revenues.

SECTION 16: Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

SECTION 17: Maintenance of System - Insurance. The City covenants and agrees that while the Certificates remain Outstanding, it will continue to maintain and operate the System with all possible efficiency and continue to maintain casualty and other insurance on the properties of the System and its operations of a kind and in such amounts customarily carried by municipal corporations in the State of Texas engaged in a similar type business; that it will faithfully and punctually perform all duties and comply with all license and regulatory requirements imposed by state and federal laws with respect to the operation and maintenance of the System.

SECTION 18: Designation As Qualified Tax-Exempt Obligations. The City hereby designates the Certificates as "qualified tax-exempt obligations" as defined in section 265(b)(3) of the Code. In furtherance of such designation, the City represents, covenants, and warrants the following: (a) that during the calendar year in which the Certificates are issued, the City (including any subordinate entities) has not designated nor will designate Certificates, notes or other obligations, which when aggregated with the Certificates, will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued; (b) that the City reasonably anticipates that the amount of tax-exempt obligations issued, during the calendar year in which the Certificates are issued, by the City (or any subordinate entities) will not exceed \$10,000,000; and, (c) that the City will take such action or refrain from such action as necessary, and as more particularly set forth in Section 27, hereof, in order that the Certificates will not be considered "private activity Certificates" within the meaning of section 141 of the Code.

SECTION 19: Records and Accounts - Annual Audit. The City further covenants and agrees that so long as any of the Certificates remain Outstanding, it will keep and maintain separate and complete records and accounts pertaining to the operations of the System in which

complete and correct entries shall be made of all transactions relating thereto, as provided by law. The Holders or any duly authorized agent or agents of such Holders shall have the right to inspect the System and all properties comprising the same. The City further agrees that following the close of each Fiscal Year, it will cause an audit of such books and accounts to be made by an independent firm of Certified Public Accountants. Copies of each annual audit shall be furnished to the Executive Director of the Municipal Advisory Commission of Texas at his or her office in Austin, Texas, and, upon written request, to the original purchaser of the Certificates and any subsequent Holder.

SECTION 20: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the City covenants and agrees particularly that in the event the City (a) defaults in the payments to be made to the Certificate Fund, or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, any Holder shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the City and other officers of the City to observe and perform any covenant, condition, or obligation prescribed in this Ordinance.

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

SECTION 21: Special Covenants. (a) The City hereby covenants as follows:

(1) That it has the lawful power to pledge the Net Revenues supporting this issue of Certificates and has lawfully exercised said powers under the Constitution and laws of the State of Texas, including said power existing under Sections 271.041-271.063 Tex. Loc. Gov't. Code and Chapter 1502, Texas Government Code, as amended.

(2) That other than for the payment of the Certificates, and those obligations having a prior lien on the Net Revenues, the Net Revenues are not in any manner pledged to the payment of any debt or obligation of the City or of the System.

(3) That, as long as any Certificates or any interest thereon remain Outstanding, the City will not sell, lease, or encumber the System or any substantial part thereof, provided that this covenant shall not be construed to prohibit the sale of such machinery, or other properties or equipment which has become obsolete or otherwise unsuited to the efficient operation of the System.

(4) The City recognizes that the purchasers and owners of the Certificates will have accepted them on, and paid therefor a price which reflects, the understanding that interest thereon is excludable from federal income taxation under laws in force at the

time the Certificates shall have been delivered. In this connection the City covenants to take no action or fail to take any action, which action or failure to act may render the interest on any of such Certificates subject to federal income taxation, particularly pursuant to section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), nor shall the City take any action or fail to take any action, which action or failure to act, would have the effect of causing the income derived by the City from the System to become subject to federal income taxation in the hands of the City, whether or not provision shall have been made for the payment of such Certificates.

(5) To the extent that it may legally do so, the City further covenants and agrees that, so long as any of the Certificates, or any interest thereon, are outstanding, no franchise shall be granted for the installation or operation of any competing waterworks and sewer system other than that owned by the City, and the operation of any such system by anyone other than the City is hereby prohibited.

SECTION 22: Issuance of Additional Certificates. The City hereby expressly reserves the right to hereafter issue Additional Certificates payable from and secured by a lien on and pledge of the Net Revenues of equal rank and dignity, and on a parity in all respects, with the lien thereon and pledge thereof securing the payment of the Certificates.

It is the intention of this governing body and accordingly hereby recognized and stipulated that the provisions, agreements, and covenants contained herein bearing upon the management and operations of the System, and the administering and application of revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements, and covenants contained in any ordinance authorizing the issuance of any other obligations of the City payable in whole or in part from the Net Revenues of the System, and to the extent of any irreconcilable conflict between the provisions contained herein and in any ordinance authorizing any other obligations of the City payable in whole or in part from the Net Revenues of the System, the provisions, agreements, and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance but in all respects subject to the priority of rights and benefits, if any, conferred thereby to the holders of any such obligations.

SECTION 23: Sale of Certificates. The Certificates are hereby officially sold and awarded and shall be delivered to Compass Bank (the "Purchaser"), in accordance with the terms and provisions of that certain Purchase Agreement relating to the Certificates between the City and the Purchaser and dated the date of the passage of this Order. The form and content of such Purchase Agreement are hereby approved, and the Mayor is hereby authorized and directed to execute and deliver, and the City Secretary is hereby authorized and directed to attest, such Certificate Purchase Contract. It is hereby officially found, determined and declared that the terms of this sale are the most advantageous reasonably obtainable. The Certificates shall initially be registered in the name of Compass Bank or its designee.

SECTION 24: Notices to Owners - Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein

expressly provided) if in writing and sent by United States mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the business day next preceding the mailing of such notice.

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

SECTION 25: Cancellation. All Certificates surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Certificates held by the Paying Agent/Registrar shall be returned to the City.

SECTION 26: Mutilated, Destroyed, Lost, and Stolen Certificates. If (a) any mutilated Certificate is surrendered to the Paying Agent/Registrar, or the City and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Certificate, and (b) there is delivered to the City and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the City or the Paying Agent/Registrar that such Certificate has been acquired by a bona fide purchaser, the City shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Certificate, a new Certificate of the Stated Maturity and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Certificate has become or is about to become due and payable, the City in its discretion may, instead of issuing a new Certificate, pay such Certificate.

Upon the issuance of any new Certificate under this Section, the City may require

payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Certificate issued pursuant to this Section in lieu of any mutilated, destroyed,

lost, or stolen Certificate shall constitute a replacement of the prior obligation of the City, whether or not the mutilated, destroyed, lost, or stolen Certificate shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates.

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

SECTION 27: Covenants to Maintain Tax Exempt Status of Interest on the Certificates.

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

*"Closing Date"* means the date on which the Certificates are delivered to the Purchaser against payment therefor.

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

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

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

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

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

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

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

*"Yield"* of

(1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations; and

(2) the Certificates has the meaning set forth in Section 1.148-4 of the Regulations.

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

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

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

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

(d) No Private Loan. Except to the extent permitted by section 141 of the Code and the Regulations and rulings thereunder, the City shall not use Gross Proceeds of the Certificates to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, such Gross Proceeds are considered to be "loaned" to a person or entity if: (1) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (2) capacity in or service from such property is committed to such person or entity under a take-or-pay, output or similar contract or arrangement; or (3) indirect benefits, or

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

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

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

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

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

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

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

(3) As additional consideration for the purchase of the Certificates by the Purchaser and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States out of the Certificate Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made

for the Certificates equals (i) in the case of a Final Computation Date as defined in Section 1.1 48-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (U) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

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

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

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

SECTION 28: Proceeds of Sale. The proceeds of sale of the Certificates received from the Purchaser shall be deposited in a fund maintained at the City's depository bank. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the City Wheeler. Furthermore, surplus proceeds of sale of the Certificates, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Certificate Fund.

SECTION 29: Satisfaction of Obligations of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied and the lien on and pledge of the Net Revenues under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

The City reserves the right to defease, refund or discharge the Certificates in any manner permitted by law

SECTION 30: Ordinance a Contract - Amendments. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Certificate remains Outstanding except as permitted in this Section. The City, may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of Holders owning a majority in aggregate principal amount of the Certificates and Additional Certificates then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (a) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (b) give any preference to any Certificate over any other Certificate, or (c) reduce the aggregate principal amount of Certificates required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 31: Reserved.

SECTION 32: Control and Custody of Certificates. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Certificates, and shall take and have charge and control of the Initial Certificate pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts, and the delivery thereof to the Purchaser.

Furthermore, the Mayor, the City Secretary, the City Manager, and the Director of Finance of the City, any one or more of said officials, are hereby authorized and directed to furnish and execute such documents relating to the City and its financial affairs as may be necessary for the issuance of the Certificates, the approval of the Attorney General, and their registration by the Comptroller of Public Accounts and, together with the City's financial advisor, Certificate counsel, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Certificate to the Purchaser.

SECTION 33: Continuing Disclosure Undertaking. the City will provide the Purchaser with its audited annual financial statements within 270 days after each fiscal year end and any other financial information regarding the City that the Bank may reasonably request from time to time.

SECTION 34: Conditions Precedent to Funding. The Purchaser's obligation to accept delivery of the Certificates is subject to being furnished:

- (a) A certified copy of this Ordinance;

- (b) A Private Placement Letter executed by the City and the Purchaser;
- (c) A no-litigation certificate;
- (d) A copy of the opinion of the attorney General of the State of Texas as to the valid issuance of the Certificates;
- (e) The Initial Certificate together with appropriate certification evidencing the registration of the Certificates by the Texas Comptroller of Public Accounts;
- (f) A certificate of the City certifying that there has been no material adverse change in the financial condition of the City since the date of the of the latest available audited financial statements available prior to the date of this letter; and
- (g) An opinion of Bond Counsel to the City as to the federal income tax exemption of the interest on the Certificates.

SECTION 35: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

SECTION 36: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the City, the Paying Agent/Registrar, and the Holders.

SECTION 37: Inconsistent Provisions. All ordinances, orders, or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 38: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 39: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 40: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance or the application thereof to other circumstances shall nevertheless be valid, and this governing body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 41: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551 of the Texas Government Code, as amended.

SECTION 42: Effective Date. This Ordinance shall be in full force and effect from and after its passage on September 16, 2013 and it is so ordained.

2. A true, full and correct copy of the aforesaid Ordinance passed at the meeting described in the above and foregoing paragraph is attached to and follows this Certificate; said Ordinance has been duly recorded in the official minutes of said City Wheeler; the above and foregoing paragraph is a true and correct excerpt from said minutes of said meeting pertaining to the passage of said Ordinance; the persons named in the above and foregoing paragraph, at the time of said meeting and the passage of said Ordinance, were the duly chosen, qualified and acting Mayor and members of said City Wheeler as indicated therein; according to the records of my office, each member of the City Wheeler was duly and sufficiently notified officially and personally in advance, of the time, place and purpose of the aforesaid meeting and that said Ordinance would be introduced and considered for passage at said meeting; and said meeting was open to the public, and public notice of the time, place and purpose of said meeting was given, all as required by Chap. 551, Texas Government Code.

SIGNED AND SEALED September 16, 2013.



City Secretary  
City of Wheeler, Texas



Mayor  
City of Wheeler, Texas

[SEAL]

