

HEWITT TEXAS

CITY COUNCIL SPECIAL CALLED MEETING AGENDA

August 8, 2016

7:00 PM

CITY HALL, 200 PATRIOT COURT
HEWITT, TX 76643

MAYOR AND CITY COUNCIL

Ed Passalugo – Mayor, Ward 3

Travis Bailey – Mayor Pro Tem, Ward 1

Wilbert Wachtendorf – Council Member, Ward 1

Bill Fuller – Council Member, Ward 2

James Vidrine – Council Member, Ward 2

Steve Fortenberry – Council Member, Ward 3

Alex Snider – Council Member At-Large

CITY STAFF

Adam Miles, City Manager
Charlie Buenger, City Attorney
Miles Whitney, City Engineer

Jim Barton Assistant City Manager

Lydia Lopez, City Secretary

Jim Devlin, Police Chief

Lance Bracco, Fire Chief

James Black, Public Works Director

Lee Garcia, Finance Director

Waynette Ditto, Library Director

Tuck Saunders, Assistant Police Chief

Katie Allgood, Special Projects Coordinator

Tracy Lankford, Community
Development Director

HEWITT TEXAS

NOTICE OF MEETING OF THE GOVERNING BODY

Notice is hereby given that a **Special Called** meeting of the governing body of the City of Hewitt will be held on the **8th day of August, 2016 at 7:00 PM in the City Council Chambers at Hewitt City Hall, 200 Patriot Court, Hewitt, Texas**, at which time the following subjects will be discussed:

1. Call meeting to order.
2. Pledge of Allegiance to the U.S. Flag
3. Consider approval of minutes of the City Council Workshop/Regular Meeting of July 18, 2016.
4. Hear visitors on matters pertaining to city business. *Under the Texas Open Meetings Act, the Council is prohibited from discussing, responding, or acting on any comments or items that have not been properly posted on the agenda.*
5. Conduct first of two public hearings on 2016 tax rate.
6. Conduct public hearing on Fiscal Year 2016-2017 General Fund, Utility Fund, Drainage Fund, Hotel Fund and Capital Projects Fund budgets.
7. Motion to announce August 22, 2016, at 7:00 p.m. at the Hewitt City Hall, 200 Patriot Court, as the date to vote on the 2016 tax rate.
8. Consider and act on a resolution establishing an Operating Fund Reserve Policy.
9. Consider and act upon adoption of an ordinance authorizing the issuance and sale of City of Hewitt, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2016B; levying an annual ad valorem tax and providing for the security for and payment of said certificates; approving an official statement; providing an effective date; and enacting other provisions relating to the subject.
10. Adjourn.

I, the undersigned authority, do hereby certify that the above Notice of Meeting of the governing body of the City of Hewitt, Texas was posted on the Public Notice Board located in front of City Hall at 10:00 AM on August 4, 2016.

CITY OF HEWITT



Lydia Lopez, TRMC
City Secretary

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, are requested to contact the Hewitt City Secretary at (254) 666-6171 at least 24 hours prior to the meeting, so that appropriate arrangements can be made.



COUNCIL AGENDA ITEM FORM

MEETING DATE: August 8, 2016

AGENDA ITEM #: 3

SUBMITTED BY: Lydia Lopez, City Secretary

ITEM DESCRIPTION:

Consider approval of minutes of the City Council Workshop/Regular Meeting of July 18, 2016.

STAFF RECOMMENDATION/ITEM SUMMARY:

Attached is a draft copy of the meeting minutes. Please review and advise if any corrections are needed.

ATTACHMENTS:

Draft minutes



**MINUTES OF A CITY COUNCIL
WORKSHOP/MEETING
HEWITT CITY HALL – 200 PATRIOT COURT
July 18, 2016 - 5:30/7:00 PM**

Members present: Mayor Ed Passalugo (presiding), Mayor Pro Tem Travis Bailey, Council Members James Vidrine, Alex Snider, and Steve Fortenberry

Member absent: Council Members Bill Fuller and Wilbert “Walky” Wachtendorf

Staff present:, City Attorney Charlie Buenger, City Engineer Miles Whitney, City Manager Adam Miles, Assistant City Manager Jim Barton, Fire Chief Lance Bracco, Police Chief Jim Devlin, Assistant Police Chief Tuck Saunders, Finance Director Lee Garcia, Library Director Waynette Ditto, Community Development Director Tracy Lankford, Public Works Director James Black, Special Projects Coordinator Katie Allgood, HR Generalist Stephanie Thompson, and City Secretary Lydia Lopez

Workshop – 5:30 PM

1. Mayor Ed Passalugo called the meeting to order at 5:30 PM.
2. City Manager presented an update on municipal business:
 - a. Report from City Engineer including review and discussion of Capital Improvement Projects and funding options
 - b. Briefing and discussion concerning proposed FY 2016-2017 Budget and Capital Improvements Projects.
 - c. Briefing and discussion concerning FY 2016-2017 Budget Calendar
 - d. Briefing and discussion concerning Mobile Home District regulations
 - e. Briefing and discussion concerning a bulky item/trash fifth Saturday bonus day.
 - f. Briefing and discussion concerning installation of No Through Truck signage
 - g. Briefing and discussion concerning upcoming events:
 - o Summer Concert Series
 - o Hewitt Hero Day – July 20, 2016
 - o National Night Out – July 28, 2016 – Warren Park
 - h. Briefing and discussion concerning Public Safety operations – Police & Fire.
3. Review regular meeting agenda items.
4. Adjourn. *A motion was made by Mayor Pro Tem Travis Bailey and second by Council Member Alex Snider to adjourn the Workshop at 6:25 PM and convene the Executive Session, all five in favor, motion passed.*

5. The Executive Session convened at 6:30 PM pursuant to the Open Meetings Act, Chapter 551, Texas Government Code to discuss the following:
 - **Pursuant to §551.072 – Purchase, Exchange, Lease, or Value of Real Property.**
 - **Pursuant to §551.087 - Deliberation regarding Economic Development Negotiations.**
6. Close Executive Session. *A motion was made by Mayor Pro Tem Travis Bailey and second by Council Member Alex Snider to adjourn the Executive Session at 6:58 PM, all five in favor, motion passed.*

REGULAR MEETING – 7:00 PM

1. **CALL TO ORDER.** Mayor Passalugo called the meeting to order at 7:00 PM.
2. **PLEDGE OF ALLEGIANCE TO THE U.S. FLAG** – Mayor Passalugo asked Police Chief Jim Devlin to lead the Pledge of Allegiance.

Item not listed on the agenda

MOMENT OF SILENCE: Mayor Passalugo called for a moment of silence in light of all the recent police shootings.

3. **CONSIDER APPROVAL OF MINUTES OF THE CITY COUNCIL WORKSHOP/REGULAR MEETING OF June 20, 2016.** *A motion was made by Council Member Alex Snider and seconded by Mayor Pro Tem Travis Bailey to approve the minutes as submitted but allow for corrections; all five in favor, motion passed.*
4. **HEAR VISITORS ON MATTERS PERTAINING TO CITY BUSINESS.** *Under the Texas Open Meetings Act, the Council is prohibited from discussing, responding, or acting on any comments or items that have not been properly posted on the agenda. NONE*
5. **PUBLIC HEARING AND ACTION ON AN ORDINANCE REZONING OF AN 8.187 ACRE TRACT OF LAND, LOCATED AT 506 SUN VALLEY BOULEVARD, HEWITT, MCLENNAN COUNTY, TEXAS, ALSO KNOWN AS CARLOS O'CAMPO ABSTRACT 32 TRACT 9 FROM R-1 (SINGLE-FAMILY DISTRICT) TO R-5 (SINGLE-FAMILY ATTACHED DWELLING DISTRICT).** Mayor Passalugo opened the hearing for those wishing to speak in favor. No one appeared. It was also noted that the applicant Mr. Joe Seeber was not present. Mayor Passalugo opened the public hearing for those wishing to speak against. The following appeared in opposition: Freda Gunn, 320 Ivy Lane; Paul Buxkemper, 330 Ivy Lane; Randy Luster, 402 Ivy Lane and Peggy Tweed, 329 Ivy Lane. Public hearing was closed. *A motion was made by Mayor Pro Tem Travis Bailey and seconded by Council Member Steve Fortenberry to deny request; five in favor, motion passed.*

6. **CONSIDER AND ACT ON AN ORDINANCE REZONING OF A 1.24 ACRE TRACT OF LAND, LEGALLY KNOWN AS LOT 28 BLOCK 2 WIETHORN ADDITION IN THE CITY OF HEWITT, MCLENNAN COUNTY, TEXAS, FROM C-2 (COMMERCIAL DISTRICT) TO R-4 (MULTI-FAMILY HIGH DENSITY DISTRICT).** *A motion was made by Council Member James Vidrine and seconded by Mayor Pro Tem Travis Bailey to remove this item from table; all five in favor, motion to remove passed. Mr. Russ Davis introduced partners David Hill, and Jesse Blackwell (not present). Mr. Davis apologized that they were not present for the last meeting and stated they were present to respond to any questions regarding the project. A motion was made by Council Member James Vidrine and a second by Mayor Pro Tem Bailey to approve the ordinance to rezone; all five in favor, motion passed.*
7. **CONSIDER AND ACT ON AN ORDINANCE REZONING OF A 2.58 ACRE TRACT OF LAND, LEGALLY KNOWN AS THE CARLOS O'CAMPO GRANT TRACT 62B DESCRIBED IN A DEED TO THERESA DWYER, RECORDED IN MCC NO. 2010002105, OF THE RECORDS OF MCLENNAN COUNTY, TEXAS, FROM C-2 (GENERAL COMMERCIAL DISTRICT) TO R-4 (MULTI-FAMILY HIGH DENSITY DISTRICT).** *A motion was made by Council Member James Vidrine and seconded by Mayor Pro Tem Travis Bailey to remove from the table; all five in favor, motion to remove from the table passed. A motion was made by Mayor Pro Tem Travis Bailey and second by Council Member James Vidrine to approve the ordinance to rezone; all five in favor, motion passed.*
8. **CONSIDER AND ACT ON SETTING DATE OF AUGUST 8, 2016, FOR A PUBLIC HEARING ON THE PROPOSED FISCAL YEAR 2016-2017 ANNUAL OPERATING AND CAPITAL BUDGET.** *City Manager stated that staff is recommending no increase in the tax rate or water or waste water rate. It was also noted that the City of Hewitt has the third lowest tax rate in the area with a 20 percent homestead exemption. A motion was made by Council Member Alex Snider and seconded by Mayor Pro Tem Travis Bailey to approve; all five in favor, motion passed.*
9. **CONSIDER AND ACT ON 2016 PROPOSED TAX RATE AND SETTING TWO (2) PUBLIC HEARING DATES, AUGUST 8 AND AUGUST 15, 2016.** *A motion was made by Council Member Alex Snider "I move to vote to place adoption of a tax rate of \$.539677 cents per \$100 valuation, equaling \$.216572 cents for debt service and \$.323105 cents for maintenance and operations, as an action item for the August 22nd, 2016 council meeting to be held at 7 p.m. at City Council Chambers, 200 Patriot Court, Hewitt, Texas, AND to set 2 public hearings, as required by law, to be held on Monday, August 8th, 2016 at 7:00 p.m. and Monday, August 15th, 2016 at 7:00 p.m. at City Council Chambers, 200 Patriot Court, Hewitt, Texas", and second by Mayor Pro Tem Travis Bailey to approve; all five in favor, motion passed.*
10. **ADJOURN.** *A motion was made by Mayor Pro Tem Travis Bailey and seconded by Council Member Steve Fortenberry to adjourn the meeting at 7:16 PM, all five in favor, motion passed.*

Approved: August 15, 2016

Lydia Lopez, City Secretary

Ed Passalugo, Mayor



ITEM #4 – HEARING OF VISITORS

PROCEDURES FOR CITIZEN PARTICIPATION AT MEETINGS

1. Citizens are encouraged to discuss matters of concern with the staff and individual council members prior to placing items on the agenda. This will allow the matter to be properly investigated before it is presented to the entire council and will often expedite a resolution.

NO CITIZEN OR STAFF MEMBER MAY SPEAK OR OTHERWISE INTERRUPT ANY MEETING UNTIL RECOGNIZED BY THE PRESIDING OFFICER.

2. To maintain decorum at public hearings, the mayor will ask citizens in attendance if they wish to speak for or against the item on the agenda. If so, they will be given an opportunity to speak at the proper time and when recognized by the chair. If more than five citizens wish to address the council on any single agenda item, those citizens are advised to select a spokesperson to present their case.

Only under the agenda item “Hear Visitors” are citizens permitted to speak regarding matters that pertain to city business or address an item on the agenda. **The council is prohibited by law from discussing or acting on any item that has not been posted on the agenda.**

3. Individual citizens that discuss items not listed on the agenda shall be limited to **five minutes**. If five or more citizens wish to discuss a single item or topic that is not listed on the agenda, then the total presentation will be limited to a maximum of twenty-five minutes. City council members shall **not** enter into discussion on any subject that has not been properly placed on the agenda; however, council members may ask questions for clarification purposes.
4. As a general rule, citizens may not participate or address the council or staff during the workshop session.



COUNCIL AGENDA ITEM FORM

MEETING DATE: August 8, 2016

AGENDA ITEM #: 5

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

Conduct first of two public hearings on 2016 tax rate.

STAFF RECOMMENDATION/ITEM SUMMARY:

Chapter 26, Section 26.05(d) of the State of Texas Tax Code requires that a municipality hold two public hearings on the proposed tax rate. This will be the first public hearing. The second public hearing is on August 15th, 2016. Following is a copy of the Notice that was published in the *Hometown News* on July 29th, 2016. The Mayor will open the public hearing to receive any comments and then close the hearing. Members of the public are encouraged to attend the hearings and express their views. No action is required of the Council.

ATTACHMENTS:

Notice of 2016 Tax Year Proposed Property Tax Rate for City of Hewitt

GRANDE GIVES \$2500 TO NONPROFIT -- The Heart of Texas Sertoma Club was recently presented with a check for \$2500 from Grande Cares. The grant will allow Grande and Heart of Texas Sertoma Club to provide hearing aids to hearing-impaired children in Central Texas. Pictured, front row, from left, are George Taggart, Grande Cares representative Christy Baker and Sandra Westmoreland. Back row, from left, Grande Cares representatives Terry Baker, Lane Westerfield, Marty Lee and Johnny Gutters. -- PHOTO BY SANDRA WESTMORELAND.



NOTICE OF 2016 TAX YEAR PROPOSED PROPERTY TAX RATE FOR CITY OF HEWITT

A tax rate of \$0.539677 per \$100 valuation has been proposed for adoption by the governing body of City of Hewitt. This rate exceeds the lower of the effective or rollback tax rate, and state law requires that two public hearings be held by the governing body before adopting the proposed tax rate.

The governing body of City of Hewitt proposes to use revenue attributable to the tax rate increase for the purpose of funding increases to employee compensation and medical insurance expenses, purchase of new equipment, increases in the costs of utilities, as well as other increased expenses related to the growth of the community.

PROPOSED TAX RATE	\$0.539677 per \$100
PRECEDING YEAR'S TAX RATE	\$0.539677 per \$100
EFFECTIVE TAX RATE	\$0.510478 per \$100
ROLLBACK TAX RATE	\$0.557914 per \$100

The effective tax rate is the total tax rate needed to raise the same amount of property tax revenue for City of Hewitt from the same properties in both the 2015 tax year and the 2016 tax year.

The rollback tax rate is the highest tax rate that City of Hewitt may adopt before voters are entitled to petition for an election to limit the rate that may be approved to the rollback rate.

YOUR TAXES OWED UNDER ANY OF THE ABOVE RATES CAN BE CALCULATED AS FOLLOWS:

$$\text{property tax amount} = (\text{rate}) \times (\text{taxable value of your property}) / 100$$

For assistance or detailed information about tax calculations, please contact:

Paul Graser
City of Hewitt tax assessor-collector
215 N 5th
Waco, TX 76701
254-757-5133
paul.graser@co.mclennan.tx.us

You are urged to attend and express your views at the following public hearings on the proposed tax rate:

First Hearing: August 8, 2016 at 7:00 PM at Hewitt City Hall, 200 Patriot Court, Hewitt, TX 76643.

Second Hearing: August 15, 2016 at 7:00 PM at Hewitt City Hall, 200 Patriot Court, Hewitt, TX 76643.

3 McLennan Students Get Terry Transfer Scholarship

Saul Cornejo Bravo, Stephani Clevenger and Gabriela Garcia, all former students of McLennan Community College's Honors College, have been awarded the Terry Transfer Scholarship.

This scholarship is awarded annually to non-traditional students who are transferring from a Texas community college or university and are working toward their first baccalaureate degree at a public university in Texas.

Saul Cornejo Bravo received an Associate of Arts degree in general studies and will attend the University of Texas in August, majoring in economics with a minor in finance or government.

"The scholarship presents a life-changing opportunity for me," Cornejo Bravo said. "My ultimate goal is to work somewhere that I can make a difference," Cornejo Bravo said. "I have a strong interest in economic systems and policies, how they affect the lives of people, and how they can be improved."

Clevenger completed 72 credit hours at MCC and will enroll as a nutritional sciences and dietetics major at Texas Tech University in the fall.

"Receiving this scholarship means more to me than I can explain with words," Clevenger said. "I feel so blessed to have received such an honor. Due to the receipt of this scholarship, I can officially afford graduate school without being in massive amounts of debt, meaning I can keep reaching for my master's in dietetics in hopes of receiving my R.D. I would also like to go back to Roatan, Honduras, where I conducted independent research the past two years and open an organic food pantry in hopes of replenishing some prosperity to the island. It's a beautiful place in need of a little help."

Garcia plans to enroll at Texas Tech University this fall to major in biology with a minor in kinesiology. She received two associate degrees from MCC.

"I am the first person in my family to attend college in the United States," Garcia said. "I remember the first time I showed my parents how much it would cost to attend college. They said, 'I don't know how we will pay for it, but you will go to college.' That was the moment when I knew I had to work hard to find scholarships to cover the cost. I am extremely grateful and I will make the most of this opportunity."

To receive the scholarship and be named Terry Scholars, students must meet certain criteria such as exhibiting a strong academic ability with a cumulative GPA above 3.0; have a record of leadership in school and the community; and be a U.S. citizen who is 20 years of age and who can demonstrate financial need.

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COUNCIL AGENDA ITEM FORM

MEETING DATE: August 8, 2016

AGENDA ITEM #: 6

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

Conduct public hearing on Fiscal Year 2016-2017 General Fund, Utility Fund, Drainage Fund, Hotel Fund and Capital Projects Fund budgets.

STAFF RECOMMENDATION/ITEM SUMMARY:

Article VII, Section 7.4 of the City Charter and Section 102.006(a) of Chapter 102 of the Local Government Code require a public hearing on the proposed budget. Please see the following Notice of Public Hearing on the budget as required by Section 102.006(c) which was published in the Hometown News on July 22, 2016. The Mayor will open the public hearing to receive any comments and then close the hearing. Members of the public are encouraged to attend the hearing and express their views. The adoption of the budget is scheduled for the meeting on August 22nd, 2016 at 7 p.m. in City Hall, 200 Patriot Court. No action is required of the Council.

ATTACHMENTS:

Notice of Public Hearing on the Budget

VA Helps Cut Rate of Veteran Suicides

The rate of veteran suicide is down ... slightly. For many years, we were losing 22 veterans every single day. By 2014, based on analysis of 3 million records from 1979 to 2014 from all 50 states, that number is down to 20.

The results of the research show that:

- * Veteran suicides account for 18 percent of all suicides, but veterans make up only 8.5 percent of the population.

- * In 2014, approximately 65 percent of



by Freddy Groves

veterans who died from suicide were aged 50 years or older.

- * Since 2001, veteran suicides increased 32 percent while civilian suicides rose 23 percent.

- * Veterans who used Department of Veterans Affairs services had an 8.8 percent suicide

rate increase, while among those who didn't, rates surged 38.6 percent. Broken down by gender, the rates show that male veterans who didn't use VA services had a 35 percent increase in suicides, while the rate among female veterans soared a whopping 98 percent.

Those numbers are staggering and carry a strong message: Say what you will about using the VA for care, but the numbers don't lie. Treatment via the VA helps lower the rate of veteran suicide.

Here are a few of the warning signs of suicide: increasing use of drugs or alcohol, withdrawing or feeling isolated, talking about seeking revenge and display-

ing extreme mood swings.

For veterans or family and friends of veterans in trouble, the Crisis Line at 1-800-273-8255 (press 1) can help. Or go online to www.VeteransCrisisLine.net or text 838255.

Access to mental-health crisis intervention is immediate when you make contact. The Crisis Line has handled over 2.3 million calls, 289,000 chat room connections and 55,000 texts. It dispatched emergency services 61,000 times.

If you or a veteran you know shows signs of being in danger of suicide, don't hesitate. Get help now.

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ESTATE & REAL ESTATE AUCTION
ESTATE OF: ROBERT H. MOORE, SR.
Tues., July 26, 2016 | STARTS @ 9:17 A.M.
Location: Osage County Fairgrounds | Pawhuska, OK

TRUCKS, STORAGE BLDGS., MOWER & WOODWORKING TOOLS, GUNS & COINS, FURNITURE, ANTIQUES & HOUSEHOLD, GAS PUMP & 400+ Porcelain signs

Running 2-3 Auction Rings! Auction Inside A/C Building
Directions: From Kum & Go in Pawhuska, OK take Hwy 119/59 south 2 miles to Skyline Dr. Take Skyline Dr. west 1/2 mile, auction on right in AG Building.

Auctioneer's Note: Don't miss this once in a lifetime auction! Lots and lots of nice porcelain signs you don't want to miss! Don't overlook the nice woodworking tools ready to go to work. Real Estate will be sold at noon followed by storage bldgs, vehicles, guns then coins. Come out and enjoy this indoor conditioned auction! For pre view www.chuppsauction.com

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LEGALNOTICES

PUBLIC NOTICE

A public hearing will be held during Commissioners' Court, Room 114, McLennan County Courthouse at 9:00 a.m., Tuesday, August 2nd, 2016 for the purpose of hearing from interested members of the public in connection with establishing speed limits on the following roads in Precincts 1 and 2:

Mackey Ranch Rd (Pct. 1): Thirty (30) mph from Old Bethany Road to Winchester Drive

Wilson Road (Pct. 2): Thirty (30) mph from Old Mexia Road to the Bellmead city limit

All members of the public interested in this matter are invited to attend.

7/8, 7/15, 7/22

INVITATION TO BID

Sealed bids addressed to **City of Beverly Hills** will be received at the offices of **City of Beverly Hills** at **3418 Memorial Dr., Beverly Hills, TX 76711** until **10:00 a.m. on August 3, 2016**, and then publicly opened and read for furnishing all labor, material, and equipment and performing all work required for the construction of: **2016 - Various Street Improvements**

The project is located within **City of Beverly Hills**, in **McLennan County, Texas**.

The project consists of approximately **9,998 S.Y. Of Street Reclaim to Include Cement Stabilization, 9,998 S.Y. Of 1.5" Compacted Thickness of HMAAC, Type "D", 9.04 S.Y. Of 1.25" Compacted Thickness of HMAAC, Type "D" Overlay, Adjusting The Height of Both Water And Sewer Structures, And Other Project Related Items.**

The bidder shall provide a five percent (5%) bid bond of the maximum total bid amount.

Plans, specifications, and bidding documents must be purchased from **Cayote Consulting, LLC**, by email to miles@cayotecon.com, for the price of **\$50.00** per set. No refunds will be made. Said documents may be examined without charge in the office of **City of Beverly Hills**.

The Owner reserves the right to reject any or all bids and waive any or all irregularities. No bid may be withdrawn until the expiration of 90 days from the date bids are opened.

It is the Bidder's responsibility to deliver the Bid to the place of Bid Opening.

Miles W. Whitney, P.E.
Cayote Consulting, LLC; Firm No. 16387

7/15, 7/22

LEGAL NOTICE CITY OF HEWITT NOTICE OF PUBLIC HEARING

The City Council of Hewitt, Texas, will hold a public hearing for consideration of the Budgets for fiscal year 2016-2017 for the General Fund, Utility Fund, Drainage Fund, Hotel Fund and Capital Improvement Funds on 8-8-16 at 7:00 p.m. in the Hewitt City Hall, 200 Patriot Court. "This budget will raise more total property taxes than last year's budget by \$205,843 (5.2%) and of that amount \$50,046 is tax revenue to be raised from new property added to the roll this year." A copy of the budget may be examined at the City Hall, the Hewitt Public Library and on the city website, www.cityofhewitt.com.

7/22

Tire Blowouts

Tire failures and tread separations are more common during the hot summer months. Many manufacturers scrimp on materials and market defective tires, which may result in catastrophic roll-overs or crashes. If you or a loved one has been injured by a defective tire or in a roll-over, call us for professional insight.

EXPERIENCE COUNTS
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Ryan A. Krebs, M.D., J.D.
Doctor-Lawyer in Full-time Law Practice
Richard A. Dodd, L.L.C.
Timothy R. Cappolino, P.C.
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COUNCIL AGENDA ITEM FORM

MEETING DATE: August 8, 2016

AGENDA ITEM #: 7

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

Motion to announce that August 22nd, 2016, at 7:00 p.m. at the Hewitt City Hall, 200 Patriot Court, as the date to vote on the 2016 tax rate.

STAFF RECOMMENDATION/ITEM SUMMARY:

Chapter 26, Section 26.06(d) of the Texas Tax Code states that "at the public hearings the governing body shall announce the date, time and place of the meeting at which it will vote on the proposed tax rate".

ATTACHMENTS:

Budget Calendar 2016-2017

City of Hewitt, Texas
BUDGET CALENDAR 2016 - 2017
 Annual Budget FY 2016 - 2017

Date	Required Activity
5/3	City Manager & Dept Head - Budget Kick-Off
	City Manager gives direction for the budget year at the Department Head meeting and Budget Workbooks are distributed to Department heads, which include budget books, staffing budgets, and capital outlay forms. Finance Director completes budget for Revenue and Debt.
6/1	Capital Projects - Five Year Plan
	City Manager, City Engineer and Staff meet to discuss Capital Projects for the upcoming 5 year period. The final Capital Project list is presented to council for review.
6/6	Capital Projects - Council Review
	Council reviews capital projects list prioritizing projects and determines when financing is needed.
6/7	Deadline - Department Request
	City Manager and Finance Director review Revenue estimates and Budget Requests & set up meetings with Department Heads to finalize the Proposed Budget. After final review by City Manager, Finance Director prepares Proposed Budget for Council Workshop. This includes proposed tax rate, debt service, capital outlay items and staffing for next budget year.
6/20	Regular Meeting - Budget Workshop
	In preparation for the City Council's Budget Workshop, the City Manager prepares Proposed Budget for council discussion. City Council makes changes to Proposed Budget, if any, in preparation for Record Vote on 7/18.
7/18	Regular Meeting - Take Record Vote
	Council determines any tax increase required and takes record vote on tax rate. Announce date and place for public hearing on the proposed budget on 8/8.
7/25	Deadline - Certified Tax Roll
	Receive Certified Tax Roll from Appraisal District and prepare final estimate of property tax revenue and present the Effective, Rollback, I&S, and M&O Rates.
Budget Creation Ends/Publication & Public Meeting Begins	

Calendar for May 2016						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	17	18	19	20	21
22	23	24	25	26	27	28
29	30	31				

Calendar for June 2016						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

Calendar for July 2016						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Calendar for August 2016						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

6	6/20 - Budget Workshop Discussion
20	7/18 - Council takes Record Vote setting upper limit to tax rate & approving proposed budget
25	7/25 - Receive Certified Tax Roll
22, 29	7/22, 7/29 - Deadlines for publication
8, 15, 22	8/8, 8/15, 8/22 - Required Council meetings in August

City of Hewitt, Texas
PUBLIC NOTICES & PUBLIC MEETINGS BEGIN
 Annual Budget FY 2016 - 2017

Date	Required Activity
7/22	Publish Budget Notice of Public Hearing
	• "Notice of Public Hearing" in paper (budget notice) Per charter, 15 days prior to public hearing on 8-8 • "Notice of Public Hearing" on website (budget notice) • Preliminary Proposed budget is available for public view in City Secretary's office and on website
7/29	Publish Required Tax Notice
	• "Notice of 2016 Tax Year Proposed Property Tax Rate for the City of Hewitt" (published by Tax Assessor) (only required to be published one time) • Website "Notice of 2016 Tax Year Proposed Property Tax Rate for the City of Hewitt"
8/8	Special Meeting on Budget & Tax Rate (1 of 2)
	• 1st Public Hearing on tax rate • The Public Hearing on the Budget • Announce date for Council to vote on tax rate (8/22)
8/15	Regular Meeting on Tax Rate (2 of 2)
	• 2nd Public Hearing on tax rate • Announce date of vote (8/22)
8/22	Special Meeting - Adopt Tax Rate & Budget
	• Ordinance accepting & approving Tax Roll • Ordinance levying a tax rate; special wording on increase in M&O tax revenue and \$\$ on \$100k home • Ordinance adopting and appropriating budgets
8/22	Council Signs Paperwork From Tax Assessor Setting Rates
8/24	Web Publishing of Adopted Budget
10/1	Budget becomes effective
	Adopted Budget Is Complete

Calendar for July 2016						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	29	30
31						

Calendar for August 2016						
Sun	Mon	Tue	Wed	Thu	Fri	Sat
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

6	6/20 - Budget Workshop Discussion
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22, 29	7/22, 7/29 - Deadlines for publication
8, 15, 22	8/8, 8/15, 8/22 - Required Council meetings in August



COUNCIL AGENDA ITEM FORM

MEETING DATE: August 8, 2016

AGENDA ITEM #: 8

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

Consider and act on a resolution establishing an Operating Fund Reserve Policy.

STAFF RECOMMENDATION/ITEM SUMMARY:

Upon recommendation from Standard and Poor's rating agency, staff has put into a resolution what has been in practice for over 10 years. The city has reserves in both operating funds, the General Fund and the Utility Fund, equal to 25% of current budget year expenses. This resolution puts that practice into a formal city policy.

ATTACHMENTS:

Resolution and Operating Fund Reserve Policy

RESOLUTION NO. 2016-08-08-1

Whereas, the purpose of this policy is to reinforce the proactive approach to financial management in the City of Hewitt, Texas; and,

Whereas, an Operating Fund Reserve Policy assists the City in maintaining long-term financial stability through the development of an appropriate reserve account.

Therefore, be it resolved by the City Council of the City of Hewitt, Texas:

Section 1. That City Council hereby adopts the Operating Fund Reserve Policy attached hereto as **Exhibit A**.

Section 2. This resolution shall become effective immediately upon adoption.

PASSED AND APPROVED THIS 8th DAY OF AUGUST, 2016.

CITY OF HEWITT, TEXAS

By:

Ed Passalugo, Mayor

ATTEST:

Lydia Lopez, City Secretary

Exhibit A



OPERATING FUND RESERVE POLICY

Operating Fund Reserve Policy
(Resolution No.2016-08-08-1, August 8, 2016)

Purpose

The City of Hewitt establishes its Operating Fund Reserve policy as additional insurance against disasters, emergencies and unforeseen expenditures.

Reserve Level

The City Council hereby establishes the following minimum Operating Fund reserve targets:

- The City shall strive to maintain Fund Reserves equal to 25% of General Fund expenditures and Utility Fund expenses for the current budget year. These funds are set-aside to address potential needs in the following areas:
- To maintain the City's credit rating.
- A Reserve for Economic Uncertainty - funds designated to mitigate periodic revenue shortfalls due to downturn in economic cycles, thereby avoiding the need for service-level reductions within the fiscal year.
- An Emergency Reserve - funds designated to mitigate costs of unforeseeable emergencies and natural disasters.

Use of Reserve Funds

Reserve for Economic Uncertainty – Funds reserved under this category shall be used to mitigate annual revenue shortfalls (actual revenues less than projected revenues) due to slowdown in general economic conditions as well as reductions in revenues caused by actions by State/Federal governments. Should any unanticipated reductions in revenues be deemed to be recurring, adjustments will be made in the following budget so as to reflect revised revenue expectations.

Any reserve funds expended within this category that result in year-end reserves below the established policy level shall be restored in the subsequent budget year. However, if the reserve level falls to below 10%, the Council may restore funds over a multi-year period.

Emergency Reserve - Funds reserved under this category shall be used to mitigate costs associated with unforeseen emergencies, including natural disasters. Should unforeseen and unavoidable events occur that require expenditure of City resources beyond those provided for in the annual budget, the City Manager shall have the authority to approve appropriation of Emergency Reserve Funds. The City Manager shall then present to the City Council – no later than its first regularly scheduled meeting - a resolution confirming the nature of the emergency and formally authorizing the appropriation of reserve funds.

It is the intent of the City Council to limit use of fund balance reserves to address unanticipated one-time needs. Fund Balances shall not be applied to recurring annual operating expenditures.



COUNCIL AGENDA ITEM FORM

MEETING DATE: August 8, 2016

AGENDA ITEM #: 9

SUBMITTED BY: Lee Garcia, Finance Director

ITEM DESCRIPTION:

Consider and act upon adoption of an Ordinance authorizing the issuance and sale of City of Hewitt, Texas, Combination Tax and Limited Surplus Revenue Certificates of Obligation, Series 2016B; levying an annual ad valorem tax and providing for the security for and payment of said certificates; approving an official statement; providing an effective date; and enacting other provisions relating to the subject.

STAFF RECOMMENDATION/ITEM SUMMARY:

After receiving and discussing bid results with Mark McLinney, Senior Managing Director, Samco Capital Markets, Inc., staff recommends taking action to authorize the issuance of the Combination Tax and Surplus Revenue Certificates of Obligation, Series 2016B.

ATTACHMENTS:

Ordinance authorizing the Issuance and Sale of Combination Tax and Surplus Revenue Certificates of Obligation, Series 2016B

ORDINANCE NO. 2016-08-08-1

AUTHORIZING THE ISSUANCE AND SALE OF CITY OF HEWITT, TEXAS COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATES OF OBLIGATION, SERIES 2016B; LEVYING AN ANNUAL AD VALOREM TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID CERTIFICATES; APPROVING AN OFFICIAL STATEMENT; PROVIDING AN EFFECTIVE DATE; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

**THE STATE OF TEXAS
COUNTY OF MCLENNAN
CITY OF HEWITT**

**§
§
§**

WHEREAS, the City Council of the City of Hewitt, Texas, deems it advisable to issue Certificates of Obligation in the amount of \$3,395,000 for the purposes hereinafter set forth; and

WHEREAS, the Certificates of Obligation hereinafter authorized and designated are to be issued and delivered for cash pursuant to Subchapter C of Chapter 271, Local Government Code and Subchapter B, Chapter 1502, Government Code; and

WHEREAS, the City Council has heretofore passed a resolution authorizing and directing the City Secretary to give notice of intention to issue Certificates of Obligation, and said notice has been duly published in a newspaper of general circulation in said City, said newspaper being a "newspaper" as defined in ' 2051.044, Texas Government Code; and

WHEREAS, the City received no petition from the qualified electors of the City protesting the issuance of such Certificates of Obligation; and

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of Tex. Gov't Code Ann. ch. 551; Now, Therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HEWITT, TEXAS:

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE CERTIFICATES. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The certificates of the City of Hewitt, Texas (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$3,395,000 for paying all or a portion of the Issuer's contractual obligations to be incurred in connection with: (i) constructing and improving streets and roads including related drainage, signalization, landscaping, lighting, signage and utility relocation; (ii) constructing, acquiring and installing municipal park and recreation improvements, and related landscaping, parking and infrastructure to existing municipal parks; (iii) constructing, equipping, and furnishing improvements and renovations to City Hall-library building, community services building, and public safety building; (iv) acquisition of equipment for municipal fire department; and (v) legal, fiscal, engineering and other professional fees in connection with such projects (collectively, the "Projects").

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES AND INTEREST RATES OF CERTIFICATES. Each certificate issued pursuant to this Ordinance shall be designated: "CITY OF HEWITT, TEXAS, COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATE OF OBLIGATION, SERIES 2016B," and initially there shall be issued, sold,

and delivered hereunder one fully registered certificate, without interest coupons, dated August 1, 2016, in the principal amount stated above and in the denominations hereinafter stated, numbered T-1, with certificates issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the initial certificate being made payable to the initial purchaser as described in Section 10 hereof), or to the registered assignee or assignees of said certificates or any portion or portions thereof (in each case, the "Registered Owner"), and said certificates shall mature and be payable serially on July 1 in each of the years and in the principal amounts, respectively, and shall bear interest from the dates set forth in the FORM OF CERTIFICATE set forth in Section 4 of this Ordinance to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the following schedule:

<u>Years</u>	<u>Principal Amount</u>	<u>Interest Rates (%)</u>	<u>Years</u>	<u>Principal Amount</u>	<u>Interest Rates (%)</u>
2018	\$140,000		2028	\$180,000	
2019	145,000		2029	185,000	
2020	150,000		2030	190,000	
2021	150,000		2031	195,000	
2022	155,000		2032	200,000	
2023	155,000		2033	210,000	
2024	160,000		2034	215,000	
2025	165,000		2035	225,000	
2026	170,000		2036	230,000	
2027	175,000				

The term "Certificates" as used in this Ordinance shall mean and include collectively the certificates initially issued and delivered pursuant to this Ordinance and all substitute certificates exchanged therefor, as well as all other substitute certificates and replacement certificates issued pursuant hereto, and the term "Certificate" shall mean any of the Certificates.

Section 3. CHARACTERISTICS OF THE CERTIFICATES.

(a) Appointment of Paying Agent/Registrar. The Issuer hereby appoints BOKF, NA, Austin, Texas, to serve as paying agent and registrar for the Certificates (the "Paying Agent/Registrar"). The Mayor or City Manager is authorized and directed to execute and deliver in the name and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar in substantially the form presented at this meeting.

(b) Registration, Transfer, Conversion and Exchange. The Issuer shall keep or cause to be kept at the corporate trust office of the Paying Agent/Registrar books or records for the registration of the transfer, conversion and exchange of the Certificates (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided within three days of presentation in due and proper form. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and

charges for making such registration, transfer, conversion, exchange and delivery of a substitute Certificate or Certificates. Registration of assignments, transfers, conversions and exchanges of Certificates shall be made in the manner provided and with the effect stated in the FORM OF CERTIFICATE set forth in this Ordinance. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate.

(c) Authentication. Except as provided in subsection (m) of this section, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Certificate, date and manually sign said Certificate, and no such Certificate shall be deemed to be issued or outstanding unless such Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all paid Certificates and Certificates surrendered for conversion and exchange. No additional ordinances, orders or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Certificate or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution and delivery of the substitute Certificates in the manner prescribed herein. Pursuant to Subchapter D, Chapter 1201, Texas Government Code, the duty of conversion and exchange of Certificates as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Certificate, the converted and exchanged Certificate shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Certificates which initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(d) Payment of Principal and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Certificates, and of all conversions and exchanges of Certificates, and all replacements of Certificates, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. 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 registered owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

(e) Payment to Registered Owner. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Certificate is registered in the Registration Books as the absolute owner of such Certificate for the purpose of payment of principal and interest with respect to such Certificate, for the purpose of registering transfers with respect to such Certificate, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Certificates only to or upon the order of the registered owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Certificates to the extent of the sum or sums so paid. No person other than a registered owner, as shown in the Registration Books, shall receive a Certificate evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Ordinance.

(f) Paying Agent/Registrar. The Issuer covenants with the registered owners of the Certificates that at all times while the Certificates are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution or other agency to act as and perform the services of Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/Registrar will

be one entity. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(g) Substitute Paying Agent/Registrar. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 120 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Certificates, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Certificates, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar.

(h) Book-Entry Only System. The Certificates issued in exchange for the Certificates initially issued to the purchaser or purchasers specified herein shall be initially issued in the form of a separate single fully registered Certificate for each of the maturities thereof and the ownership of each such Certificate shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company of New York ("DTC"), and except as provided in subsections (j) and (k) of this Section, all of the outstanding Certificates shall be registered in the name of Cede & Co., as nominee of DTC.

(i) Blanket Letter of Representations. The previous execution and delivery of the Blanket Letter of Representations with respect to obligations of the Issuer is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Certificates. Notwithstanding anything to the contrary contained herein, while the Certificates are subject to DTC's Book-Entry Only System and to the extent permitted by law, the Letter of Representations is hereby incorporated herein and its provisions shall prevail over any other provisions of this Ordinance in the event of conflict.

(j) Certificates Registered in the Name of Cede & Co. With respect to Certificates registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Certificates. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Certificates, (ii) the delivery to any DTC Participant or any other person, other than a registered owner of Certificates, as shown on the Registration Books, of any notice with respect to the Certificates, or (iii) the payment to any DTC Participant or any other person, other than a registered owner of Certificates, as shown in the Registration Books of any amount with respect to principal of or interest on the Certificates. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the registered owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(k) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the

representation letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Certificates that they be able to obtain certificated Certificates, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Certificates to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Certificates and transfer one or more separate Certificates to DTC Participants having Certificates credited to their DTC accounts. In such event, the Certificates shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names registered owners transferring or exchanging Certificates shall designate, in accordance with the provisions of this Ordinance.

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

(m) General Characteristics of the Certificates. The Certificates (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Certificates to be payable only to the Registered Owners thereof, (ii) may and shall be redeemed prior to their scheduled maturities, (iii) may be transferred and assigned, (iv) may be converted and exchanged for other Certificates, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Certificates shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Certificates, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF CERTIFICATE set forth in this Ordinance. The Certificates initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Certificate issued in conversion of and exchange for any Certificate or Certificates issued under this Ordinance the Paying Agent/Registrar shall execute the Paying Agent/Registrar's Authentication Certificate, in the FORM OF CERTIFICATE set forth in this Ordinance.

(n) Cancellation of Initial Certificate. On the closing date, one initial Certificate representing the entire principal amount of the Certificates, payable in stated installments to the order of the initial purchaser of the Certificates or its designee, executed by manual or facsimile signature of the Mayor and City Secretary, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to such purchaser or its designee. Upon payment for the initial Certificate, the Paying Agent/Registrar shall cancel the initial Certificate and deliver to The Depository Trust Company ("DTC") on behalf of such purchaser one registered definitive Certificate for each year of maturity of the Certificates, in the aggregate principal amount of all of the Certificates for such maturity, registered in the name of Cede & Co., as nominee of DTC. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Certificates in safekeeping for DTC.

Section 4. FORM OF CERTIFICATES. The form of the Certificates, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as follows, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

[Remainder of page intentionally left blank]

(a) Form of Certificate.

NO. R-

UNITED STATES OF AMERICA
STATE OF TEXAS

PRINCIPAL
AMOUNT
\$ _____

CITY OF HEWITT, TEXAS
COMBINATION TAX AND LIMITED SURPLUS REVENUE CERTIFICATE OF OBLIGATION
SERIES 2016B

<u>Interest Rate</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>CUSIP No.</u>
	August 1, 2016	July 1, 20__	

REGISTERED OWNER:

PRINCIPAL AMOUNT:

DOLLARS

ON THE MATURITY DATE specified above, the City of Hewitt, in McLennan County, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from August 1, 2016 at the Interest Rate per annum specified above. Interest is payable on January 1, 2017, and semiannually on each July 1 and January 1 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Certificate shall be paid to the registered owner hereof upon presentation and surrender of this Certificate at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of BOKF, NA Austin, Texas, which is the "Paying Agent/Registrar" for this Certificate. The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Certificate (the "Certificate Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the fifteenth day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days

prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Certificate appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

ANY ACCRUED INTEREST due at maturity or upon the redemption of this Certificate prior to maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Certificate for redemption and payment at the principal corporate trust office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Certificate that on or before each principal payment date, interest payment date, and accrued interest payment date for this Certificate it will make available to the Paying Agent/Registrar, from the "Interest and Sinking Fund" created by the Certificate Ordinance, the amounts required to provide for the payment, in immediately available funds, of all principal of and interest on the Certificates, when due.

IF THE DATE for the payment of the principal of or interest on this Certificate shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in the city where the principal corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS CERTIFICATE is one of a series of Certificates dated August 1, 2016, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$3,395,000 for paying all or a portion of the Issuer's contractual obligations to be incurred in connection with: (i) constructing and improving streets and roads including related drainage, signalization, landscaping, lighting, signage and utility relocation; (ii) constructing, acquiring and installing municipal park and recreation improvements, and related landscaping, parking and infrastructure to existing municipal parks; (iii) constructing, equipping, and furnishing improvements and renovations to City Hall-library building, community services building, and public safety building; (iv) acquisition of equipment for municipal fire department; and (v) legal, fiscal, engineering and other professional fees in connection with such projects.

ON JULY 1, 2026, or any date thereafter, the certificates maturing on and after July 1, 2027 may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Certificates, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Certificate may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

[THE CERTIFICATES scheduled to mature on July 1 in each of the years 20 and 20 (the "Term Certificates") are subject to scheduled mandatory redemption by the Paying Agent/Registrar by lot, or by any other customary method that results in a random selection, at a price equal to the principal amount thereof, plus accrued interest to the redemption date, out of moneys available for such purpose in the interest and sinking fund for the Certificates, on the dates and in the respective principal amounts, set forth in the following schedule:

Term Certificate	
Maturity: July 1, 20__	
Mandatory Redemption Date	Principal Amount
July 1, 20__	\$
July 1, 20__ (maturity)	

Term Certificate
Maturity: July 1, 20__

Mandatory Redemption Date	Principal Amount
July 1, 20__	\$
July 1, 20__ (maturity)	

The principal amount of Term Certificates of a stated maturity required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the Issuer, by the principal amount of any Term Certificates of the same maturity which, at least 50 days prior to a mandatory redemption date (1) shall have been acquired by the Issuer at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, (2) shall have been purchased and canceled by the Paying Agent/Registrar at the request of the Issuer at a price not exceeding the principal amount of such Term Certificates plus accrued interest to the date of purchase, or (3) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.]

AT LEAST 30 days prior to the date fixed for any redemption of Certificates or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, at least 30 days prior to the date fixed for any such redemption, to the registered owner of each Certificate to be redeemed at its address as it appeared on the 45th day prior to such redemption date; provided, however, that the failure of the registered owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of any Certificate. By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or portions thereof that are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Certificates or portions thereof that are to be so redeemed thereby automatically shall be treated as redeemed prior to their scheduled maturities, and they shall not bear interest after the date fixed for redemption, and they shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment. If a portion of any Certificate shall be redeemed, a substitute Certificate or Certificates having the same maturity date, bearing interest at the same rate, in any denomination or denominations in any integral multiple of \$5,000, at the written request of the registered owner, and in aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer, all as provided in the Certificate Ordinance.

WITH RESPECT TO ANY OPTIONAL REDEMPTION OF THE BONDS, unless certain prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the Issuer shall not redeem such Bonds and the Paying Agent/Registrar shall give notice,

in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

ALL CERTIFICATES OF THIS SERIES are issuable solely as fully registered certificates, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Certificate Ordinance, this Certificate may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered certificates, without interest coupons, payable to the appropriate registered owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Certificate to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Certificate Ordinance. Among other requirements for such assignment and transfer, this Certificate must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Certificate or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Certificate may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Certificate or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Certificate or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

IN THE EVENT any Paying Agent/Registrar for the Certificates is changed by the Issuer, resigns, or otherwise ceases to act as such, the Issuer has covenanted in the Certificate Ordinance that it promptly will appoint a competent and legally qualified substitute therefor, and cause written notice thereof to be mailed to the registered owners of the Certificates.

IT IS HEREBY certified, recited and covenanted that this Certificate has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Certificate have been performed, existed and been done in accordance with law; that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law, and that this Certificate is additionally secured by and payable from a limited pledge of the Surplus Revenues of the Issuer's waterworks and sewer system remaining after payment of all operation and maintenance expenses thereof, and all debt service, reserve, and other requirements in connection with all of the Issuer's revenue bonds or other obligations (now or hereafter outstanding) which are payable from all or any part of the net revenues of the Issuer's waterworks and sewer system, all as provided in the Certificate Ordinance.

THE ISSUER HAS RESERVED THE RIGHT to amend the Certificate Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owners of a majority in aggregate principal amount of the outstanding Certificates.

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

IN WITNESS WHEREOF, the Issuer has caused this Certificate to be signed with the manual or facsimile signature of the Mayor of the Issuer (or in the Mayor's absence, by the Mayor Pro Tem) and countersigned with the manual or facsimile signature of the City Secretary of said Issuer, and has caused the official seal of the Issuer to be duly impressed, or placed in facsimile, on this Certificate.

(signature)
City Secretary

(signature)
Mayor

(SEAL)

(b) Form of Paying Agent/Registrar's Authentication Certificate.

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE
(To be executed if this Certificate is not accompanied by an executed Registration
Certificate of the Comptroller of Public Accounts of the State of Texas)

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

Dated:_____.

BOKF, NA
Austin, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

(c) Form of Assignment.

ASSIGNMENT
Please print or type clearly

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

Transferee's Social Security or Taxpayer Identification
Number: _____

Transferee's name and address, including zip code: _____

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

_____, attorney, to register the transfer of

the within Certificate on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_____.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by an eligible guarantor institution participating in a securities transfer association recognized signature guarantee program.

NOTICE: The signature above must correspond with the name of the registered owner as it appears upon the front of this Certificate in every particular, without alteration or enlargement or any change whatsoever.

(d) Form of Registration Certificate of the Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this_____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(e) Initial Certificate Insertions.

(i) The initial Certificate shall be in the form set forth is paragraph (a) of this Section, except that:

A. immediately under the name of the Certificate, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As shown below" and "CUSIP No. " shall be deleted.

B. the first paragraph shall be deleted and the following will be inserted:

"THE CITY OF HEWITT, TEXAS, in McLennan County, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on July 1 in each of the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years Principal Installments Interest Rates

(Information from Section 2 to be inserted)

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from August 1, 2016, at the respective Interest Rate per annum specified above. Interest is payable on January 1, 2017, and semiannually on each July 1 and January 1 thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Certificate is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Certificate or Certificates, if any, for which this Certificate is being exchanged is due but has not been paid, then this Certificate shall bear interest from the date to which such interest has been paid in full."

C. The Initial Certificate shall be numbered "T-1."

Section 5. INTEREST AND SINKING FUND; SURPLUS REVENUES.

(a) A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the Issuer at an official depository bank of said Issuer. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said Issuer, and shall be used only for paying the interest on and principal of said Certificates. All amounts received from the sale of the Certificates as accrued interest shall be deposited upon receipt to the Interest and Sinking Fund, and all ad valorem taxes levied and collected for and on account of said Certificates shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any of said Certificates are outstanding and unpaid, the governing body of said Issuer shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to pay the interest on said Certificates as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of said Certificates as such principal matures (but never less than 2% of the original amount of said Certificates as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of said Issuer, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied, against all taxable property in said Issuer, for each year while any of said Certificates are outstanding and unpaid, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Certificates, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law.

(b) The Certificates are additionally secured by a limited pledge, not to exceed \$1,000, of revenues of the Issuer's waterworks and sewer system that remain after the payment of all maintenance and operation expenses thereof, and all debt service, reserve and other requirements in connection with all of the Issuer's revenue obligations (now or hereafter outstanding) which are payable from all or any part of the net revenues of the Issuer's waterworks and sewer system, constituting "Surplus Revenues". The Issuer shall deposit such Surplus Revenues to the credit of the Interest and Sinking Fund created pursuant to this Section, to the extent necessary to pay the principal and interest on the Certificates. If Surplus Revenues or other lawfully available moneys of the Issuer are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been required to be levied pursuant to subsection (a) of this Section may

be reduced to the extent and by the amount of the Surplus Revenues or other lawfully available funds then on deposit in the Interest and Sinking Fund.

(c) Article 1208, Government Code, applies to the issuance of the Certificates and the pledge of the taxes and Surplus Revenues granted by the Issuer under this Section and Section 9, respectively, and is therefore valid, effective, and perfected. Should Texas law be amended at any time while the Certificates are outstanding and unpaid, the result of such amendment being that the pledge of the taxes and Surplus Revenues granted by the Issuer under this Section and Section 9, respectively, is to be subject to the filing requirements of Chapter 9, Business & Commerce Code, in order to preserve to the registered owners of the Certificates a security interest in said pledge, the Issuer agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business & Commerce Code and enable a filing of a security interest in said pledge to occur.

Section 6. DEFEASANCE OF CERTIFICATES.

(a) Any Certificate and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Certificate") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable. At such time as a Certificate shall be deemed to be a Defeased Certificate hereunder, as aforesaid, such Certificate and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem Defeased Certificates that is made in conjunction with the payment arrangements specified in subsection 6(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Certificates for redemption; (2) gives notice of the reservation of that right to the owners of the Defeased Certificates immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificates and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 6(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Certificates, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Certificates.

(d) Until all Defeased Certificates shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased, and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance.

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

Section 7. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED CERTIFICATES.

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

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

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

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

(e) Authority for Issuing Replacement Certificates. In accordance with Sec. 1206.022, Government Code, this Section 7 of this Ordinance shall constitute authority for the issuance of any such replacement certificate without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such certificates is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Certificates

in the form and manner and with the effect, as provided in Section 3(a) of this Ordinance for Certificates issued in conversion and exchange for other Certificates.

Section 8. CUSTODY, APPROVAL, AND REGISTRATION OF CERTIFICATES; BOND COUNSEL'S OPINION; CUSIP NUMBERS AND CONTINGENT INSURANCE PROVISION, IF OBTAINED; ENGAGEMENT OF BOND COUNSEL.

(a) The Mayor of the Issuer is hereby authorized to have control of the Certificates initially issued and delivered hereunder and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation, examination, and approval by the Attorney General of the State of Texas, and their registration by the Comptroller of Public Accounts of the State of Texas. Upon registration of the Certificates said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate attached to such Certificates, and the seal of said Comptroller shall be impressed, or placed in facsimile, on such Certificate. The approving legal opinion of the Issuer's Bond Counsel and the assigned CUSIP numbers may, at the option of the Issuer, be printed on the Certificates issued and delivered under this Ordinance, but neither shall have any legal effect, and shall be solely for the convenience and information of the registered owners of the Certificates. In addition, if bond insurance is obtained, the Certificates may bear an appropriate legend as provided by the insurer.

(b) The obligation of the initial purchaser to accept delivery of the Certificates is subject to the initial purchaser being furnished with the final, approving opinion of McCall, Parkhurst & Horton L.L.P., bond counsel to the Issuer, which opinion shall be dated as of and delivered on the date of initial delivery of the Certificates to the initial purchaser. The engagement of such firm as bond counsel to the Issuer in connection with issuance, sale and delivery of the Certificates is hereby approved and confirmed. The execution and delivery of an engagement letter between the Issuer and such firm, with respect to such services as bond counsel, is hereby authorized in such form as may be approved by the Mayor or the City Manager, and the Mayor or the City Manager is hereby authorized to execute such engagement letter.

Section 9. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE CERTIFICATES.

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

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

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

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

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

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

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

(A) proceeds of the Certificates invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Certificates are issued,

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

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

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

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

(9) to assure that the proceeds of the Certificates will be used solely for new money projects.

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

(c) Use of Proceeds. For purposes of the foregoing covenants (a)(1) and (a)(2), the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Certificates. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or

rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Certificates, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Certificates, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Certificates under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor, the City Manager or Director of Finance to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates.

(d) Allocation of, and Limitation on, Expenditures for the Projects. The Issuer covenants to account for the expenditure of sale proceeds and investment earnings to be used for the construction and acquisition of the Projects on its books and records by allocating proceeds to expenditures within 18 months of the later of the date that (1) the expenditure is made, or (2) the Projects are completed. The foregoing notwithstanding, the Issuer shall not expend proceeds of the sale of the Certificates or investment earnings thereon more than 60 days after the earlier of (1) the fifth anniversary of the delivery of the Certificates, or (2) the date the Certificates are retired, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such expenditure will not adversely affect the status, for federal income tax purposes, of the Certificates or the interest thereon. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

(e) Disposition of Projects. The Issuer covenants that the Projects will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Certificates. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains a legal opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

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

Section 10. SALE OF CERTIFICATES AND APPROVAL OF OFFICIAL STATEMENT; FURTHER PROCEDURES.

(a) The Certificates are hereby sold and shall be delivered to _____ (the "Purchaser") for cash for the par value thereof and accrued interest thereon to date of delivery (accrued interest to be deposited into the Interest and Sinking Fund), plus a premium of \$_____, with

\$_____ of said premium to be deposited into the Construction Fund and \$_____ to be used to pay costs of issuance. The Certificates shall initially be registered in the name of such purchaser or its designee. It is officially found, determined, and declared that the Certificate have been sold at public sale to the bidder offering the lowest interest cost, after receiving sealed bids pursuant to an Official Notice of Sale and Bidding Instructions and Official Statement prepared and distributed in connection with the sale of the Certificates, and that the terms of this sale are the most advantageous reasonably obtainable. Said Official Notice of Sale and Bidding Instructions and Official Statement, and any addenda, supplement, or amendment thereto have been and are hereby approved by the governing body of the Issuer, and their use in the offer and sale of the Certificates is hereby approved. The Initial Certificate shall be registered in the name of the Purchaser or its designee.

(b) The Issuer hereby approves the form and content of the Official Statement relating to the Certificates and any addenda, supplement or amendment thereto, and approves the distribution of such Official Statement in the reoffering of the Certificates by the Purchaser in final form, with such changes therein or additions thereto as the officer executing the same may deem advisable, such determination to be conclusively evidenced by his execution thereof. The distribution and use of the Preliminary Official Statement dated August 1, 2016, prior to the date hereof is hereby ratified and confirmed.

(c) The Mayor and Mayor Pro Tem, the City Manager, City Secretary and Director of Finance of the Issuer, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the Issuer such documents, certificates and other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Certificates, the sale of the Certificates and the Official Statement. In case any officer whose signature shall appear on any Certificate shall cease to be such officer before the delivery of such Certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 11. INTEREST EARNINGS ON CERTIFICATE PROCEEDS. Interest earnings derived from the investment of proceeds from the sale of the Certificates shall be used along with other certificate proceeds for the Projects; provided that after completion of such purpose, if any of such interest earnings remain on hand, such interest earnings shall be deposited in the Interest and Sinking Fund. It is further provided, however, that any interest earnings on certificate proceeds that are required to be rebated to the United States of America pursuant to Section 9 hereof in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section.

Section 12. CONSTRUCTION FUND.

(a) The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2016B Certificate of Obligation Construction Fund" for use by the Issuer for payment of all lawful costs associated with the Projects as hereinbefore provided. Proceeds of the Certificates, shall be deposited into the Construction Fund, other than amounts paid at closing for issuance costs. Upon payment of all such Project costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 5 of this Ordinance.

(b) The Issuer may place proceeds of the Certificates (including investment earnings thereon) and amounts deposited into the Interest and Sinking Fund in investments authorized by the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended; provided, however, that the Issuer hereby covenants that the proceeds of the sale of the Certificates will be used as soon as practicable for the purposes for which the Certificates are issued.

(c) All deposits authorized or required by this Ordinance shall be secured to the fullest extent required by law for the security of public funds.

Section 13. COMPLIANCE WITH RULE 15c2-12.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports.

(i) The Issuer shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of each fiscal year, financial information and operating data with respect to the Issuer of the general type included in the final Official Statement authorized by Section 10 of this Ordinance, being the information described in Exhibit A hereto. The Issuer will additionally provide audited financial statements when and if available, and in any event, within 12 months after the end of each fiscal year ending in or after 2016. If the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Issuer will file unaudited financial statements within such 12 month period and audited financial statements for the applicable fiscal year, when and if the audit report on such statements becomes available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix D of the Official Statement or such other accounting principles as the Issuer may be required to employ from time to time pursuant to State law or regulation.

(ii) If the Issuer changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet website or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

(c) Event Notices.

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

1. Non-payment related defaults;
2. Modifications to rights of Certificateholders;
3. Certificate calls;
4. Release, substitution, or sale of property securing repayment of the Certificates;

5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms; and

6. Appointment of a successor or additional trustee or the change of name of a trustee.

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

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;

5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701BTEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;

6. Tender offers;

7. Defeasances;

8. Rating changes; and

9. Bankruptcy, insolvency, receivership or similar event of an obligated person.

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

(d) Limitations, Disclaimers, and Amendments.

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

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and

notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

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

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) Should the Rule be amended to obligate the Issuer to make filings with or provide notices to entities other than the MSRB, the Issuer hereby agrees to undertake such obligation with respect to the Certificates in accordance with the Rule as amended. The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the Issuer, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates. The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the Issuer so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided.

Section 14. METHOD OF AMENDMENT. The Issuer hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The Issuer may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the

interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Certificates aggregating in principal amount 51% of the aggregate principal amount of then outstanding Certificates that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Certificates, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Certificates so as to:

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

(c) If at any time the Issuer shall desire to amend this Ordinance under subsection (b) of this Section, the Issuer shall send by U.S. mail to each registered owner of the affected Certificates a copy of the proposed amendment. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Issuer for inspection by all holders of such Certificates.

(d) Whenever at any time within six months from the date of the mailing of such notice the Issuer shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Certificates then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

(e) Upon the adoption of any amendatory Ordinance pursuant to the provisions of this Section, this Ordinance shall be deemed to be modified and amended in accordance with such amendatory Ordinance, and the respective rights, duties, and obligations of the Issuer and all holders of such affected Certificates shall thereafter be determined, exercised, and enforced, subject in all respects to such amendment.

(f) Any consent given by the holder of a Certificate pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the mailing of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Certificate during such period. Such consent may be revoked at any time after six months from the date of the mailing of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Certificates then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

(g) For the purposes of establishing ownership of the Certificates, the Issuer shall rely solely upon the registration of the ownership of such Certificates on the registration books kept by the Paying Agent/Registrar.

Section 15. APPROPRIATION. To pay the debt service coming due on the Certificates prior to receipt of the taxes levied to pay such debt service, if any, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount, which together with capitalized interest received from the sale of the Certificates, will be sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 16. EFFECTIVE DATE. In accordance with the provisions of V.T.C.A., Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

Section 17. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

(Execution Page Follows)

DULY PASSED AND APPROVED by the City Council of the City of Hewitt, Texas, on the 8th day of August, 2016.

ED PASSALUGO, Mayor
City of Hewitt, Texas

LYDIA LOPEZ, City Secretary
City of Hewitt, Texas

(CITY SEAL)

APPROVED:

CHARLES BUENGER, City Attorney

EXHIBIT A

Annual Financial Statements and Operating Data

The following information is referred to in Section 13(b) of this Ordinance:

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

-- Tables 1 through 5B, inclusive 9, 11 through 15, inclusive, and 19 of Appendix A
