

(10) the approving opinion of the Attorney General of the State of Texas and the registration certificate of the Comptroller of Public Accounts of the State of Texas in respect of the Certificates;

(11) any other certificates and opinions required by the Ordinance for the issuance thereunder of the Certificates;

(12) evidence satisfactory to the Underwriter that the Certificates have been assigned a rating of "AA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business, and "A1" by Moody's Investors Service and that such rating is in effect as of the date of Closing;

(13) a copy of the municipal bond insurance policy issued by Build America Mutual Assurance Company (the "*Insurer*") insuring the payment of the principal of and interest on the Certificates when due, together with an opinion of counsel to the Insurer, in form and substance reasonably satisfactory to the Underwriter;

(14) a certificate of the Insurer with respect to the accuracy of statements contained in the Official Statement regarding the municipal bond insurance policy and the Insurer; and

(15) such additional legal opinions, certificates, instruments and other documents as the Underwriter, Bond Counsel or counsel to the Underwriter may reasonably request to evidence the truth and accuracy, as of the date hereof and as of the date of the Closing, of the Issuer's representations and warranties contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the Issuer on or prior to the date of the Closing of all the respective agreements then to be performed and conditions then to be satisfied by the Issuer.

All of the opinions, letters, certificates, instruments and other documents mentioned above or elsewhere in this Agreement shall be deemed to be in compliance with the provisions hereof if, but only if, they are in form and substance reasonably satisfactory to the Underwriter.

Prior to the execution of this Agreement, the Underwriter has received a copy of the Ordinance, which contains the Continuing Disclosure Undertaking.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates contained in this Agreement, or if the obligations of the Underwriter to purchase, to accept delivery of and to pay for the Certificates shall be terminated for any reason permitted by this Agreement, this Agreement shall terminate and neither the Underwriter nor the Issuer shall be under any further obligation hereunder, except that the respective obligations of the Issuer and the Underwriter set forth in Sections 1 (with respect to the "Good Faith" check), 4 and 8 hereof shall continue in full force and effect.

7. **Termination.** The Underwriter shall have the right to cancel its obligation to purchase the Certificates if (as evidenced by a written notice to the Issuer terminating the obligation of the Underwriter to accept delivery of and pay for the Certificates), between the date of this Agreement and the Closing, the market price or marketability of the Certificates shall be materially adversely affected, in the reasonable judgment of the Underwriter by the occurrence of any of the following:

(a) legislation shall be enacted by or introduced in the Congress of the United States or recommended to the Congress for passage by the President of the United States, or the Treasury Department of the United States or the Internal Revenue Service or any member of the Congress or favorably reported for passage to either House of the Congress by any committee of such House to which such legislation has been referred for consideration, a decision by a court of the United States or of the State or the United States Tax Court shall be rendered, or an order, ruling, regulation (final, temporary or proposed), press release, statement or other form of notice by or on behalf of the Treasury Department of the United States, the Internal Revenue Service or other governmental agency shall be made or proposed, the effect of any or all of which would be to impose, directly or indirectly, federal income taxation upon interest received on obligations of the general character of the Certificates or the interest on the Certificates as described in the Official Statement, or other action or events shall have transpired which may have the purpose or effect, directly or indirectly, of changing the federal income tax consequences of any of the transactions described herein;

(b) legislation introduced in or enacted (or resolution passed) by the Congress or an order, decree or injunction issued by any court of competent jurisdiction, or an order, ruling, regulation (final, temporary, or proposed), press release or other form of notice issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Certificates, including any or all underlying arrangements, are not exempt from registration under or other requirements of the 1933 Act, or that the Ordinance is not exempt from qualification under or other requirements of the Trust Indenture Act, or that the issuance, offering, or sale of obligations of the general character of the Certificates, including any or all underlying arrangements, as described herein or in the Official Statement or otherwise, is or would be in violation of the federal securities laws as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body in any state in which more than 15% of the Certificates have been sold shall have withheld registration, exemption or clearance of the offering of the Certificates as described herein, or issued a stop order or similar ruling relating thereto;

(d) a general suspension of trading in securities on the New York Stock Exchange, the establishment of minimum prices on such exchange, the establishment of material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) the New York Stock Exchange or other national securities exchange or any governmental authority shall impose, as to the Certificates or as to obligations of the general character of the Certificates, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter;

(f) any amendment to the federal or state Constitution or action by any federal or state court, legislative body, regulatory body, or other authority materially adversely affecting the tax status of the Issuer, its property, income, securities (or interest thereon), or the validity or enforceability of the assessments or the levy of ad valorem taxes pledged to pay the principal of and interest on the Certificates;

(g) any event occurring, or information becoming known which, in the reasonable judgment of the Underwriter, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) there shall have occurred since the date of this Agreement any materially adverse change in the affairs or financial condition of the Issuer;

(i) there shall have occurred (whether or not foreseeable) any (i) new material outbreak of hostilities involving the United States (including, without limitation, an act of terrorism) or (ii) new material other national or international calamity or crisis including, but not limited to, an escalation of hostilities that existed prior to the date hereof, or (iii) material financial crisis or adverse change in the financial or economic conditions affecting the United States government or the securities markets in the United States;

(j) any fact or event shall exist or have existed that, in the Underwriter's reasonable judgment, requires or has required an amendment of or supplement to the Official Statement;

(k) there shall have occurred or any published notice shall have been given of any intended review for possible downgrade, downgrading, suspension, withdrawal, or negative change in credit watch status by any national rating service to any of the Issuer's obligations that are secured in a like manner as the Certificates (including the ratings to be accorded to the Certificates); or

(l) the purchase of and payment for the Certificates by the Underwriter, or the resale of the Certificates by the Underwriter, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; provided, however, that such prohibition occurs after the date of this Agreement and is not caused by the action, or failure to act, of the Underwriter.

With respect to the conditions described in subparagraphs (e) and (l) above, the Underwriter is not aware of any current, pending or proposed law or government inquiry or

investigation as of the date of execution of this Agreement which would permit the Underwriter to invoke the Underwriter's termination rights thereunder.

8. Expenses.

(a) The Underwriter shall be under no obligation to pay, and the Issuer shall pay, any expenses incident to the performance of the Issuer's obligations hereunder, including, but not limited to (i) the cost of preparation and printing of the Certificates, (ii) the fees and disbursements of Bond Counsel; (iii) the fees and disbursements of the Financial Advisor to the Issuer; (iv) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (v) the fee for the bond ratings; (vi) the fee for municipal bond insurance for the Certificates; (vii) the costs of preparing, printing and mailing the Preliminary Official Statement and the Official Statement; (viii) the fees and expenses of the Paying Agent/Registrar; (ix) advertising expenses (except any advertising expenses of the Underwriter as set forth below); (x) the out-of-pocket, miscellaneous and closing expenses, including the cost of travel, of the officers and trustees of the Issuer; and (xi) any other expenses mutually agreed to by the Issuer and the Underwriter to be reasonably considered expenses of the Issuer which are incident to the transactions described herein.

(b) The Underwriter shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Certificates; (iii) all other expenses incurred by it in connection with the public offering of the Certificates, including the fees and disbursements of counsel retained by the Underwriter; and (iv) other expenses incurred at the Underwriter's discretion (including, but not limited to, travel, lodging, meals, entertainment, deal mementos and similar expenses).

(c) The Issuer acknowledges that the Underwriter will pay from the Underwriter's expense allocation of the underwriting discount the applicable per bond assessment charged by the Municipal Advisory Council of Texas (the "MAC"), a non-profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities. An employee of the Underwriter serves on the Board of the MAC.

9. Notices. Any notice or other communication to be given to the Issuer under this Agreement may be given by delivering the same in writing to City of Celina, Texas, City Hall, 142 N. Ohio Street, Celina, Texas 75009, Attention: Director of Finance; and, any notice or other communication to be given to the Underwriter under this Agreement may be given by delivering the same in writing to BOSC, Inc. (A subsidiary of BOK Financial Corporation), 333 West Campbell Road, Suite 350, Richardson, Texas 75080, Attention: Bill Gumbert.

10. Parties in Interest. This Agreement as heretofore specified shall constitute the entire agreement between us and is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. This Agreement may not be assigned by the Issuer. All of the Issuer's representations, warranties and agreements contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on

behalf of the Underwriter; (ii) delivery of and payment for the Certificates pursuant to this Agreement; and (iii) any termination of this Agreement.

11. **Effectiveness.** This Agreement shall become effective upon the acceptance hereof by the Issuer and shall be valid and enforceable at the time of such acceptance.

12. **Choice of Law.** This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.

13. **Severability.** If any provision of this Agreement shall be held or deemed to be or shall, in fact, be invalid, inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions, or in all jurisdictions because it conflicts with any provision or provisions of any Constitution, statute, rule of public policy, or any other reason, such circumstances shall not have the effect of rendering the provision in question invalid, inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions of this Agreement invalid, inoperative or unenforceable to any extent whatever.

14. **Business Day.** For purposes of this Agreement, "business day" means any day on which the New York Stock Exchange is open for trading.

15. **Section Headings.** Section headings have been inserted in this Agreement as a matter of convenience of reference only, and it is agreed that such section headings are not a part of this Agreement and will not be used in the interpretation of any provisions of this Agreement.

16. **Counterparts.** This Agreement may be executed in several counterparts each of which shall be regarded as an original (with the same effect as if the signatures thereto and hereto were upon the same document) and all of which shall constitute one and the same document.

17. **No Personal Liability.** No official, officer, agent, or employee of the Issuer, shall be charged personally by the Underwriter with any liability, or be held liable to the Underwriter under any term or provision of this Agreement, or because of execution or attempted execution, or because of any breach or attempted or alleged breach, of this Agreement.

18. **Other Transactions by Underwriter and Issuer.** The Underwriter or its affiliates may from time to time, in their individual capacities and separate and apart from the transactions contemplated hereby and the compensation provided for herein, sell securities to, provide derivative products to, engage in swaps with, and enter into other transactions with the Issuer, or its agents acting in its behalf, and shall be entitled to retain any compensation or profits inuring to the Underwriter or its affiliates in connection therewith as approved by the Issuer.

19. **Entire Agreement.** This Agreement represents the entire agreement between the Issuer and the Underwriter with respect to the preparation of the Preliminary Official Statement and the Official Statement, the conduct of the offering, and the purchase and sale of the Certificates.

If you agree with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Underwriter. This Agreement shall become a binding agreement between the Issuer and the Underwriter when at least the counterpart of this Agreement shall have been signed by or on behalf of each of the parties hereto.

Respectfully submitted,

BOSC, INC., A SUBSIDIARY OF BOK
FINANCIAL CORPORATION

By: _____
Name: _____
Title: _____

[Signature Page to City of Celina, Texas Bond Purchase Agreement]

ACCEPTED at ____ a.m./p.m. Central Time this ____ day of May, 2014.

CITY OF CELINA, TEXAS

By: _____
Name: _____
Title: _____

Schedule I - Schedule of Terms

[Signature Page to City of Celina, Texas Bond Purchase Agreement]

Schedule I

**\$5,400,000 City of Celina, Texas
Tax and Waterworks and Sewer System (Limited Pledge) Revenue
Certificates of Obligation, Series 2014**

MATURITY SCHEDULE

Maturity 9/1	Principal Amount	Interest Rate	Initial Yield
2015	\$ 95,000	2.000%	0.300%
2016	145,000	2.000%	0.500%
2017	150,000	2.000%	0.830%
2018	145,000	2.000%	1.190%
2019	145,000	2.000%	1.530%
2020	320,000	3.000%	1.860%
2021	405,000	3.000%	2.170%
2022	410,000	3.000%	2.420%
2023	420,000	3.000%	2.640%
2024	440,000	4.000%	2.820%
2025	230,000	3.000%	3.120%
2026	240,000	3.250%	3.300%
2027	245,000	3.250%	3.410%
2028	255,000	4.000%	3.400%*
2029	270,000	3.500%	3.580%
2030	275,000	3.500%	3.640%
2031	285,000	4.000%	3.620%*
2032	295,000	4.000%	3.690%*
2033	310,000	3.750%	3.860%
2034	320,000	4.000%	3.820%*

(Interest to accrue from the date of delivery)

*Yield shown is yield to first call date, September 1, 2024.

Optional Redemption

The Issuer reserves the right, at its option, to redeem Certificates having stated maturities on or after September 1, 2025, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on September 1, 2024, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption.

EXHIBIT C

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 36 of this Ordinance.

Annual Financial Statements and Operating Data

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

1. Financial information of the general type included in the Official Statement as Appendix B for the most recently concluded fiscal year.
2. The information contained in Tables 1 through 6, 8 through 14, 19 and 20 in the Official Statement.

Accounting Principles

The accounting principles referred to in such Section are generally those described in Appendix B to the Official Statement, as such principles may be changed from time to time to comply with state law or regulation.

CERTIFICATE OF CITY SECRETARY

THE STATE OF TEXAS §
 §
COUNTY OF COLLIN §
 §
CITY OF CELINA §

I, the undersigned, City Secretary of the City of Celina, Texas, DO HEREBY CERTIFY as follows:

1. On the 9th day of December, 2014, a regular meeting of the City Council (the "Council") of the City of Celina, Texas (the "City") was held at a meeting place in the City; the duly constituted members of the Council being as follows:

SEAN TERRY		MAYOR
CARMEN ROBERTS)	MAYOR PRO TEM
GEORGE KENDRICK)	
WAYNE NABORS)	
VINCENT RAMOS)	COUNCIL MEMBERS
LORI VADEN)	
CHAD ANDERSON)	

and all of said persons were present at said meeting, except the following: Wayne Nabors and Vincent Ramos. Among other business considered at said meeting, the attached ordinance entitled:

"ORDINANCE NO. 2014-61

AN ORDINANCE authorizing the issuance of "CITY OF CELINA, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2014A"; specifying the terms and features of said certificates; providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the net revenues derived from the operation of the City's combined waterworks and sewer system; providing the terms and conditions of such certificates of obligation and resolving other matters incident and relating to the issuance, payment, security, sale and delivery of said certificates of obligation, including the approval and execution of a Paying Agent/Registrar Agreement and a Purchase Letter; and providing an effective date."

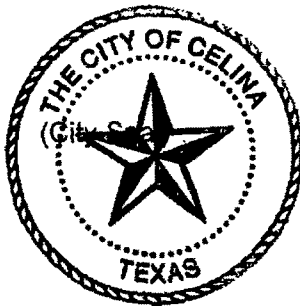
was introduced and submitted to the Council for passage and adoption. After presentation and due consideration of the ordinance, and upon a motion being made and seconded, the ordinance was finally passed and adopted by the Council to be effective immediately by the following vote:

 4 voted "For" 0 voted "Against" 0 abstained

all as shown in the official minutes of the Council for the meeting held on the aforesaid date.

2. The attached ordinance is a true and correct copy of the original on file in the official records of the City; the duly qualified and acting members of the Council on the date of the aforesaid meeting are those persons shown above and, according to the records of my office, advance notice of the time, place and purpose of the meeting was given to each member of the Council; and that said meeting and the deliberation of the aforesaid public business was open to the public and written notice of said meeting, including the subject of the above entitled ordinance, was posted and given in advance thereof in compliance with the provisions of Texas Government Code, Chapter 551, as amended.

IN WITNESS WHEREOF, I have hereunto signed my name officially and affixed the seal of said City, this the 9th day of December, 2014.



Vicki Faulkner
City Secretary
City of Celina, Texas

ORDINANCE NO. 2014-61

AN ORDINANCE authorizing the issuance of "CITY OF CELINA, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2014A"; specifying the terms and features of said certificates; providing for the payment of said certificates of obligation by the levy of an ad valorem tax upon all taxable property within the City and a limited pledge of the net revenues derived from the operation of the City's combined waterworks and sewer system; providing the terms and conditions of such certificates of obligation and resolving other matters incident and relating to the issuance, payment, security, sale and delivery of said certificates of obligation, including the approval and execution of a Paying Agent/Registrar Agreement and a Purchase Letter; and providing an effective date.

WHEREAS, notice of the City Council's intention to issue certificates of obligation in the maximum principal amount of \$1,920,000 for the purpose of paying contractual obligations to be incurred for (i) paying contractual obligations to be incurred for improving and extending the City's combined Waterworks and Sewer System and professional services rendered in connection with such projects and (ii) professional services rendered in connection with such projects and the financing thereof; has been duly published in the *Celina Record*, a newspaper hereby found and determined to be of general circulation in the City of Celina, Texas, on October 31, 2014 and November 7, 2014, the date of the first publication of such notice being not less than thirty-one (31) days prior to the tentative date stated therein for the passage of the ordinance authorizing the issuance of such certificates; and

WHEREAS, no petition protesting the issuance of the certificates of obligation and bearing valid petition signatures of at least 5% of the qualified electors of the City, has been presented to or filed with the Mayor, City Secretary or any other official of the City on or prior to the date of the passage of this ordinance; and

WHEREAS, the Council hereby finds and determines that the certificates of obligation described in the aforesaid notice should be issued and sold at this time in the amount and manner as hereinafter provided; now, therefore,

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

SECTION 1: Authorization - Designation - Principal Amount - Purpose. Certificates of obligation of the City shall be and are hereby authorized to be issued in the aggregate principal amount of \$1,645,000 to be designated and bear the title "CITY OF CELINA, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2014A" (hereinafter referred to as the "Certificates"), for the purpose of paying contractual obligations to be incurred for (i) paying contractual obligations to be incurred for improving and extending the City's combined Waterworks and Sewer System and professional services rendered in connection with such projects and (ii) professional services rendered in connection with such projects and the financing thereof, pursuant to authority conferred by and in conformity with the Constitution and laws of the State of Texas, including Texas Local Government Code, Subchapter C of Chapter 271, as amended.

SECTION 2: Fully Registered Obligations - Authorized Denominations - Stated Maturity - Certificate Date. The Certificates are issuable in fully registered form only; shall be

dated December 1, 2014 (the "Certificate Date") and shall be in denominations of \$5,000 or any integral multiple thereof (within the Stated Maturity) and the Certificates shall become due and payable on September 1, 2024 (the "Stated Maturity") and bear interest on the unpaid principal amounts from the date of delivery to the initial purchaser at the rate of 2.65% per annum (calculated on the basis of a 360-day year of twelve 30-day months), and such interest shall be payable on March 1 and September 1 of each year, commencing March 1, 2016, until maturity or prior redemption.

SECTION 3: Terms of Payment Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Certificates, due and payable by reason of maturity, redemption, or otherwise, shall be payable only to the registered owners or holders of the Certificates (hereinafter called the "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar, and the payment thereof shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The selection and appointment of JPMorgan Chase Bank, N.A., Chicago, Illinois, to serve as Paying Agent/Registrar for the Certificates is hereby approved and confirmed. Books and records relating to the registration, payment, transfer and exchange of the Certificates (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, as provided herein and in accordance with the terms and provisions of a "Paying Agent/Registrar Agreement", substantially in the form attached hereto as **Exhibit A**, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor and City Secretary are hereby authorized to execute and deliver such Paying Agent/Registrar Agreement in connection with the delivery of the Certificates. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are paid and discharged, and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of and premium, if any, on the Certificates, shall be payable at the Stated Maturity or the redemption thereof only upon presentation and surrender of the Certificates to the Paying Agent/Registrar at its designated offices, initially in Chicago, Illinois, or, with respect to a successor Paying Agent/Registrar, at the designated offices of such successor (the "Designated Payment/Transfer Office"). Interest on the Certificates shall be paid to the Holders whose names appear in the Security Register at the close of business on the Record Date (the fifteenth day of the month next preceding each interest payment date) and shall be paid by the Paying Agent/Registrar (i) by check sent United States Mail, first class postage prepaid, to the address of the Holder recorded in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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.

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. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

SECTION 4: Redemption.

(a) Optional Redemption. The Certificates shall not be subject to optional redemption.

(b) Mandatory Redemption. The Certificates shall be subject to mandatory redemption in part prior to maturity at the redemption price of par and accrued interest to the date of redemption on the respective dates and in principal amounts as follows:

<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
September 1, 2017	20,000
September 1, 2018	95,000
September 1, 2019	105,000
September 1, 2020	110,000
September 1, 2021	320,000
September 1, 2022	325,000
September 1, 2023	330,000
September 1, 2024*	340,000

* maturity date

Approximately forty-five (45) days prior to each mandatory redemption date for the Certificates, the Paying Agent/Registrar shall select by lot the numbers of the Certificates within to be redeemed on the next following September 1 from moneys set aside for that purpose in the Certificate Fund (as hereinafter defined). Any Certificate not selected for prior redemption shall be paid on the date of Stated Maturity.

The principal amount of the Certificates required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Certificates which, at least 50 days prior to the mandatory redemption date, shall have been acquired by the City at a price not exceeding the principal amount of such Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation.

(c) Notice of Redemption. Not less than thirty (30) days prior to a redemption date for the Certificates, a notice of redemption shall be sent by United States mail, first class postage prepaid, in the name of the City and at the City's expense, to each Holder of a Certificate to be redeemed in whole or in part at the address of the Holder appearing on the Security Register at the close of business on the business day next preceding the date of mailing such notice, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Certificates, (ii) identify the Certificates to be redeemed and, in the case of a portion of the principal amount to be redeemed, the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Certificates, or the portion of the principal amount thereof to be redeemed, shall become due and payable on the redemption date specified and the interest thereon, or on the portion of the principal amount thereof to be redeemed, shall cease to accrue from and after the redemption date, provided moneys sufficient for the payment of such Certificate (or the principal amount thereof to be redeemed) at the then applicable redemption price are held for the purpose of such payment by the Paying Agent/Registrar and (v) specify that payment of the redemption price for the Certificates, or the principal amount thereof to be redeemed, shall be made at the Designated Payment/Transfer Office of the Paying Agent/Registrar only upon presentation and surrender of the Certificates. If a Certificate is subject by its terms to prior redemption and has been called for redemption and notice of redemption has been duly given as hereinabove provided, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable and interest thereon shall cease to accrue from and after the redemption date therefor.

SECTION 5: Registration - Transfer - Exchange of Certificates - Predecessor Certificates. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every owner of the Certificates issued under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. Any Certificate may be transferred or exchanged for Certificates of other authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Certificate to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Certificate (other than the single Initial Certificate authorized in Section 7 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Certificates of authorized denominations and having the same Stated Maturity and of a like aggregate principal amount as the Certificate or Certificates surrendered for transfer.

At the option of the Holder, Certificates (other than the single Initial Certificate authorized in Section 7 hereof) may be exchanged for other Certificates of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Certificates surrendered for exchange, upon surrender of the Certificates to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Certificates are surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Certificates to the Holder requesting the exchange.

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

All transfers or exchanges of Certificates pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that

the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

Certificates cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Certificates", evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Certificate or Certificates registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Certificates" shall include any mutilated, lost, destroyed or stolen Certificate for which a replacement Certificate has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 19 hereof and such new replacement Certificate shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Certificate.

Neither the City nor the Paying Agent/Registrar shall be required to issue or transfer to an assignee of a Holder any Certificate called for redemption, in whole or in part, within 45 days of the date fixed for the redemption of such Certificate; provided, however, such limitation on transferability shall not be applicable to an exchange by the Holder of the unredeemed balance of a Certificate called for redemption in part.

SECTION 6: Execution - Registration. The Certificates shall be executed on behalf of the City by the Mayor or Mayor Pro Tem under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signature of said officers on the Certificates may be manual or facsimile. Certificates bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Certificate Date shall be deemed to be duly executed on behalf of the City, notwithstanding that one or more of the individuals executing the same shall cease to be such officer at the time of delivery of the Certificates to the initial purchaser and with respect to Certificates delivered in subsequent exchanges and transfers, all as authorized and provided in Texas Government Code Chapter 1201, as amended.

No Certificate shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Certificate either a certificate of registration substantially in the form provided in Section 8(c), manually executed by the Comptroller of Public Accounts of the State of Texas, or his duly authorized agent, or a certificate of registration substantially in the form provided in Section 8(d), manually executed by an authorized officer, employee or representative of the Paying Agent/Registrar, and either such certificate duly signed upon any Certificate shall be conclusive evidence, and the only evidence, that such Certificate has been duly certified, registered and delivered.

SECTION 7: Initial Certificate. The Certificates herein authorized shall be initially issued as a single fully registered certificate in the total principal amount stated in Section 1 hereof and numbered T-1 (hereinafter called the "Initial Certificate") and the Initial Certificate shall be registered in the name of the initial purchaser or the designee thereof. The Initial Certificate shall be the Certificate submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser. Any time after the delivery of the Initial Certificate, the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser, or the designee thereof, shall cancel the Initial Certificate delivered hereunder and exchange therefor a definitive Certificate of authorized denominations, Stated Maturity, principal amount and bearing the applicable interest rate for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8: Forms.

(a) Forms Generally. The Certificates, the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, the Registration Certificate of Paying Agent/Registrar, and the form of Assignment to be printed on each of the Certificates, shall be substantially in the forms set forth in this Section with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including insurance legends in the event the Certificates are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the City or determined by the officers executing such Certificates as evidenced by their execution. Any portion of the text of any Certificates may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Certificate.

The definitive Certificates and the Initial Certificate shall be printed, lithographed, engraved, typewritten, photocopied or otherwise reproduced in any other similar manner, all as determined by the officers executing such Certificates as evidenced by their execution.

(b) Form of Certificates.

REGISTERED
NO. [T-1][R-1]

REGISTERED
\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF CELINA, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE
CERTIFICATE OF OBLIGATION
SERIES 2014A

Certificate Date:	Interest Rate:	Stated Maturity:
December 1, 2014	2.650%	September 1, 2024

Registered Owner:

Principal Amount: DOLLARS

The City of Celina (hereinafter referred to as the "City"), a body corporate and municipal corporation in the Counties of Collin and Denton, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, on the Stated Maturity date specified above the Principal Amount hereinabove stated (or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid principal amount hereof from the interest payment date next preceding the "Registration Date" of this Certificate appearing below (unless this Certificate bears a "Registration Date" as of an interest payment date, in which case it shall bear interest from such date, or unless the "Registration Date" of this Certificate is prior to the initial interest payment date in which case it shall bear interest from the date of delivery to the initial purchaser) at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on March 1 and September 1 in each year, commencing March 1, 2016, until maturity or prior redemption. Principal of this Certificate is payable at its Stated Maturity or on a redemption date to the registered owner

hereof, upon presentation and surrender, at the Chicago, Illinois office (the "Designated Payment/Transfer Office") of JPMorgan Chase Bank, N.A., Chicago, Illinois (the "Paying Agent/Registrar") or its successor. Interest is payable to the registered owner of this Certificate (or one or more Predecessor Certificates, as defined in the Ordinance hereinafter referenced) whose name appears on the "Security Register" maintained by the Paying Agent/Registrar at the close of business on the "Record Date", which is the fifteenth day of the month next preceding each interest payment date, and interest shall be paid by the Paying Agent/Registrar by check sent United States Mail, first class postage prepaid, to the address of the registered owner recorded in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, a legal holiday, or a day when banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday, or day when 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. All payments of principal of, premium, if any, and interest on this Certificate shall be without exchange or collection charges to the owner hereof and in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Certificate is one of the series specified in its title issued in the aggregate principal amount of \$1,645,000 (herein referred to as the "Certificates") for the purpose of paying contractual obligations to be incurred for (i) paying contractual obligations to be incurred for improving and extending the City's combined Waterworks and Sewer System and professional services rendered in connection with such projects and (ii) professional services rendered in connection with such projects and the financing thereof, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Texas Local Government Code, Subchapter C of Chapter 271, as amended, and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

The Certificates are subject to mandatory redemption prior to maturity with funds on deposit in the Certificate Fund established and maintained for the payment thereof in the Ordinance, and shall be redeemed in part prior to maturity at the price of par and accrued interest thereon to the date of redemption, and without premium, on the dates and in the principal amounts as follows:

<u>Redemption Date</u>	<u>Principal Amount (\$)</u>
September 1, 2017	20,000
September 1, 2018	95,000
September 1, 2019	105,000
September 1, 2020	110,000
September 1, 2021	320,000
September 1, 2022	325,000
September 1, 2023	330,000
September 1, 2024*	340,000

* maturity date

The particular Certificates to be redeemed on each redemption date shall be chosen by lot by the Paying Agent/Registrar; provided, however, that the principal amount of Certificates

for a stated maturity required to be redeemed on a mandatory redemption date may be reduced, at the option of the City, by the principal amount of Certificates which, at least 50 days prior to the mandatory redemption date, shall have been acquired by the City at a price not exceeding the principal amount of such Certificates plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation.

At least thirty (30) days prior to a redemption date, the City shall cause a written notice of such redemption to be sent by United States Mail, first class postage prepaid, to the registered owners of each Certificate to be redeemed at the address shown on the Security Register and subject to the terms and provisions relating thereto contained in the Ordinance. If a Certificate (or any portion of its principal sum) shall have been duly called for redemption and notice of such redemption duly given, then upon the redemption date such Certificate (or the portion of its principal sum to be redeemed) shall become due and payable, and, if moneys for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption are held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable from and after the redemption date on the principal amount redeemed.

The Certificates are payable from the proceeds of an ad valorem tax levied, within the limitations prescribed by law, upon all taxable property in the City and from a limited pledge of the Net Revenues of the City's combined Waterworks and Sewer System (the "System"), such pledge being limited to an amount of \$1,000 and being junior and subordinate to the lien on and pledge of such Net Revenues securing the payment of the Prior Lien Obligations (identified and defined in the Ordinance) now outstanding and hereafter issued by the City. In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations without limitation as to principal amount but subject to any applicable terms, conditions or restrictions under law or otherwise, as well as the right to issue additional obligations payable from the same sources as the Certificates and, together with the Certificates, equally and ratably secured by a parity lien on and pledge of the Net Revenues of the System.

Reference is hereby made to the Ordinance, a copy of which is on file in the Designated Payment/Transfer Office of the Paying Agent/Registrar, and to all the provisions of which the owner or holder of this Certificate by the acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Certificates; the Net Revenues pledged to the payment of the principal of and interest on the Certificates; the nature and extent and manner of enforcement of the pledge; the terms and conditions relating to the transfer or exchange of this Certificate; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the City and the Paying Agent/Registrar; the terms and provisions upon which the tax levy and the pledges, charges and covenants made therein may be discharged at or prior to the maturity of this Certificate, and this Certificate deemed to be no longer Outstanding thereunder; and for the other terms and provisions contained therein. Capitalized terms used herein and not otherwise defined have the meanings assigned in the Ordinance.

This Certificate, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register only upon its presentation and surrender at the Designated Payment/Transfer Office of the Paying Agent/Registrar, with the Assignment hereon duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by, the registered owner hereof, or his duly authorized agent. When a transfer on the Security Register occurs, one or more new fully registered Certificates of the same Stated Maturity, of authorized denominations, bearing the same rate of

interest, and of the same aggregate principal amount will be issued by the Paying Agent/Registrar to the designated transferee or transferees.

The City and the Paying Agent/Registrar, and any agent of either, shall treat the registered owner whose name appears on the Security Register (i) on the Record Date as the owner entitled to payment of interest hereon, (ii) on the date of surrender of this Certificate as the owner entitled to payment of principal hereof at its Stated Maturity or upon its prior redemption, in whole or in part, and (iii) on any other date as the owner for all other purposes, and neither the City nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary. In the event of 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 City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

It is hereby certified, recited, represented and declared that the City is a body corporate and political subdivision duly organized and legally existing under and by virtue of the Constitution and laws of the State of Texas; that the issuance of the Certificates is duly authorized by law; that all acts, conditions and things required to exist and be done precedent to and in the issuance of the Certificates to render the same lawful and valid obligations of the City have been properly done, have happened and have been performed in regular and due time, form and manner as required by the Constitution and laws of the State of Texas, and the Ordinance; that the Certificates do not exceed any Constitutional or statutory limitation; and that due provision has been made for the payment of the principal of and interest on the Certificates as aforestated. In case any provision in this Certificate shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby. The terms and provisions of this Certificate and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the City Council of the City has caused this Certificate to be duly executed under the official seal of the City as of the Certificate Date.

CITY OF CELINA, TEXAS

Mayor

COUNTERSIGNED:

City Secretary

(City Seal)

(Social Security or other identifying number _____) the within Certificate and all rights thereunder, and hereby irrevocably constitutes and appoints

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

DATED:

Signature guaranteed:

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

SECTION 9: Definitions. For purposes of this Ordinance and for clarity with respect to the issuance of the Certificates herein authorized, and the levy of taxes and appropriation of Net Revenues therefor, the following words or terms, whenever the same appears herein without qualifying language, are defined to mean as follows:

(a) The term "Additional Obligations" shall mean tax and revenue obligations hereafter issued which by their terms are payable from ad valorem taxes and additionally payable from and secured by a parity lien on and pledge of the Net Revenues of the System of equal rank and dignity with the lien and pledge securing the payment of the Certificates.

(b) The term "Certificates" shall mean the \$1,645,000 "CITY OF CELINA, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2014A" authorized by this Ordinance.

(c) The term "Certificate Fund" shall mean the special Fund created and established under the provisions of Section 10 of this Ordinance.

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

(e) The term "Fiscal Year" shall mean the annual financial accounting period used with respect to the operations of the System now ending on September 30th of each year, provided, however, the City Council may change, by ordinance duly passed, such annual financial accounting period to end on another date if such change is found and determined to be necessary for budgetary or other fiscal purposes.

(f) The term "Government Securities" shall mean (i) direct noncallable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and, on the date of their acquisition or purchase by the City, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date of their acquisition or purchase by the City, are rated as to investment quality by a

nationally recognized investment rating firm not less than AAA or its equivalent and (iv) any other then authorized securities or obligations that may be used to defease obligations such as the Certificates under the then applicable laws of the State of Texas.

(g) The term "Gross Revenues" shall mean, with respect to the System and for any defined period, all income and revenues derived from the operation and ownership of the System, excluding, however, meter deposits, gifts, grants in aid of construction and similar kinds of receipts and moneys restricted as to use or expenditure.

(h) The term "Net Revenues" shall mean, with respect to the System and for any defined period, the Gross Revenues of the System after deducting the System's Operating and Maintenance Expenses.

(i) The term "Operating and Maintenance Expenses" shall mean, for any defined period, all current expenses and costs of operating and maintaining the System, including all salaries, labor, materials and repairs and extensions necessary to render efficient service; provided, however, that only such repairs and extensions, as in the judgment of the City Council, reasonably and fairly exercised, are necessary to keep the System in operation and render adequate service to the City and the inhabitants thereof, or such as might be necessary to meet some physical accident or condition which would otherwise impair the security of any Certificates or obligations payable from and secured by a lien on the Net Revenues of the System, shall be deducted in determining "Net Revenues". Depreciation and payments into and out of the funds maintained for the payment of the Prior Lien Obligations and similar funds maintained for the payment of obligations payable from and secured by a lien on and pledge of the Net Revenues shall never be considered as Operating and Maintenance Expenses.

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

(1) those Certificates cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;

(2) those Certificates for which payment has been duly provided by the City in accordance with the provisions of Section 20 hereof; and

(3) those Certificates that have been mutilated, destroyed, lost, or stolen and replacement Certificates have been registered and delivered in lieu thereof as provided in Section 19 hereof.

(k) The term "Prior Lien Obligations" shall mean (A) all revenue bonds or other obligations hereafter issued, payable solely from and secured only by a lien on and pledge of the Net Revenues of the System, and (B) obligations now outstanding and hereafter issued which by the terms of this Ordinance and the ordinances authorizing their issuance have a prior right and claim on the Net Revenues of the System to the claim and right securing the payment of the Certificates, including, but not limited to, the outstanding

(1) "City of Celina, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2004", dated October 1, 2004;

(2) "City of Celina, Texas, Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2007", dated September 1, 2007; and

(3) "City of Celina, Texas, Tax and Waterworks and Sewer System Revenue Certificates of Obligation (Limited Pledge), Series 2014", dated June 1, 2014.

(l) The term "System" shall mean all plants, properties and facilities owned, operated and maintained by the City for the supply, storage and distribution of treated water and the collection, treatment and disposal of water-carried wastes, together with all future improvements, extensions, enlargements and additions thereto and replacements thereof.

SECTION 10: Certificate Fund. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption and retirement of the Certificates, there shall be and is hereby created a special account or fund on the books and records of the City known as the "SPECIAL SERIES 2014A TAX AND REVENUE CERTIFICATE OF OBLIGATION FUND" (the "Certificate Fund"), and all moneys deposited to the credit of such Certificate Fund shall be kept and maintained in a special banking account at the City's depository bank. The Mayor, Mayor Pro Tem, City Manager, Director of Finance and City Secretary, individually or collectively, of the City are hereby authorized and directed to make withdrawals from said Fund sufficient to pay the principal of and interest on the Certificates as the same become due and payable, and, shall cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Certificate Fund an amount sufficient to pay the amount of principal and/or interest falling due on the Certificates, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Certificates.

Pending the transfer of funds to the Paying Agent/Registrar, money in the Certificate Fund may, at the option of the City, be invested in obligations identified in, and in accordance with the provisions of the "Public Funds Investment Act" (Texas Government Code, Chapter 2256, as amended) relating to the investment of "bond proceeds"; provided that all such investments shall be made in such a manner that the money required to be expended from said Fund will be available at the proper time or times. All interest and income derived from deposits and investments in said Certificate Fund shall be credited to, and any losses debited to, the said Certificate Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Certificates.

SECTION 11: Tax Levy. To provide for the payment of the "Debt Service Requirements" on the Certificates being (i) the interest on said Certificates and (ii) a sinking fund for their payment at maturity or redemption or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied a sufficient tax on each one hundred dollars' valuation of taxable property in said City, within the limitations prescribed by law, adequate to pay such Debt Service Requirements while the Certificates remain Outstanding, full allowance being made for delinquencies and costs of collection; and said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Certificate Fund. The City Council hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay the said Debt Service Requirements, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness.

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

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

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

(2) The amount of Net Revenues of the System, together with any other lawfully available revenues of the City, appropriated and to be set aside for the payment of the Debt Service Requirements on the Certificates between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

(3) The amount of Debt Service Requirements to become due and payable on the Certificates (or a sinking fund of 2% if greater than the amount due and payable on the Certificates) between the Collection Date for the taxes then to be levied and the Collection Date for the taxes to be levied during the next succeeding calendar year.

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

Any surplus proceeds from the sale of the Certificates not expended for authorized purposes shall be deposited in the Certificate Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said Fund from ad valorem taxes.

SECTION 12: Limited Pledge of Revenues. The City hereby covenants and agrees that, subject to the prior lien on and pledge of the Net Revenues of the System to the payment and security of Prior Lien Obligations, the Net Revenues of the System in an amount equal to \$1,000 are hereby irrevocably pledged to the payment of the principal of and interest on the Certificates, and the limited pledge of \$1,000 of the Net Revenues of the System herein made for the payment of the Certificates shall constitute a lien on the Net Revenues of the System (until such time as the City shall pay all of such \$1,000, after which time the pledge shall cease) in accordance with the terms and provisions hereof. Furthermore, such lien on and pledge of the Net Revenues securing the payment of the Certificates shall be valid and binding and fully perfected from and after the date of adoption of this Ordinance without physical delivery or transfer or transfer of control of the Net Revenues, the filing of this Ordinance or any other act; all as provided in Texas Government Code, Chapter 1208, as amended ("Chapter 1208").

Chapter 1208 applies to the issuance of the Certificates and the pledge of the Net Revenues of the System granted by the City under this Section 12, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are Outstanding such that the pledge of the Net Revenues of the System granted by the City under this Section 12 is to be subject to the filing requirements of the Texas Business and Commerce Code, Chapter 9, as amended, then in order to preserve to the registered owners of the Certificates the perfection of the security interest in said pledge, the City agrees to take such

measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of the Texas Business and Commerce Code, Chapter 9, as amended, and enable a filing to perfect the security interest in said pledge to occur.

SECTION 13: System Fund. The City covenants and agrees that all Gross Revenues (excluding earnings from the investment of money held in any special funds or accounts created for the payment and security of the Prior Lien Obligations) shall be deposited as collected into a fund maintained at an official depository of the City and known on the books of the City as the "System Fund" (hereinafter called the "System Fund"). All moneys deposited to the credit of the System Fund shall be allocated, dedicated and disbursed to the extent required for the following purposes and in the order of priority shown, to wit:

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

Second: To the payment of all amounts required to be deposited in the special Funds created and established for the payment, security and benefit of Prior Lien Obligations in accordance with the terms and provisions of the ordinances authorizing the issuance of Prior Lien Obligations.

Third: To the payment, equally and ratably, of the amounts pledged to the payment of the Certificates and Additional Obligations, if any.

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

SECTION 14: Deposits to Certificate Fund. Subject to the provisions of Section 12 hereof, the City hereby covenants and agrees to cause to be deposited in the Certificate Fund from the pledged Net Revenues of the System in the System Fund, the amount of Net Revenues of the System pledged to the payment of the Certificates.

The City covenants and agrees that the amount of pledged Net Revenues of the System (\$1,000), together with other lawfully available revenues appropriated by the City for payment of the debt service requirements on the Certificates and ad valorem taxes levied, collected, and deposited in the Certificate Fund for and on behalf of the Certificates, will be an amount equal to one hundred percent (100%) of the amount required to fully pay the interest and principal due and payable on the Certificates. In addition, any surplus proceeds from the sale of the Certificates not expended for authorized purposes shall be deposited in the Certificate Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said Fund from ad valorem taxes and the Net Revenues of the System.

SECTION 15: Security of Funds. All moneys on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of Texas for the security of public funds, and moneys on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

SECTION 16: Special Covenants. The City hereby further covenants as follows:

(a) It has the lawful power to pledge the Net Revenues of the System to the payment of the Certificates in the manner herein contemplated and has lawfully exercised such power under the Constitution and laws of the State of Texas, including said power existing under Texas Government Code, Chapter 1502, as amended, and Texas Local Government Code, Subchapter C of Chapter 271, as amended.

(b) Other than for the payment of the Prior Lien Obligations and the Certificates, the Net Revenues of the System have not in any manner been pledged to the payment of any debt or obligation of the City or of the System.

SECTION 17: Issuance of Prior Lien Obligations and Additional Parity Obligations. The City hereby expressly reserves the right to hereafter issue Prior Lien Obligations, without limitation as to principal amount but subject to any terms, conditions or restrictions applicable thereto under law or otherwise, payable, in whole or in part, from the Net Revenues (without impairment of the obligation of contract with the Holders of the Certificates) upon such terms and conditions as the City Council may determine. Additionally, the City reserves the right to issue obligations payable, in whole or in part, from the Net Revenues of the System and, to the extent provided, secured by a lien on and pledge of the Net Revenues of equal rank and dignity with the lien and pledge securing the payment of the Certificates.

SECTION 18: Application of Prior Lien Obligations Covenants and Agreements. It is the intention of this governing body and accordingly hereby recognized and stipulated that the provisions, agreements and covenants contained herein bearing upon the management and operations of the System, and the administering and application of revenues derived from the operation thereof, shall to the extent possible be harmonized with like provisions, agreements and covenants contained in the ordinances authorizing the issuance of the Prior Lien Obligations, and to the extent of any irreconcilable conflict between the provisions contained herein and in the ordinances authorizing the issuance of the Prior Lien Obligations, the provisions, agreements and covenants contained therein shall prevail to the extent of such conflict and be applicable to this Ordinance but in all respects subject to the priority of rights and benefits, if any, conferred thereby to the holders of the Prior Lien Obligations.

SECTION 19: Mutilated - Destroyed - Lost and Stolen Certificates. In case any Certificate shall be mutilated, or destroyed, lost or stolen, the Paying Agent/Registrar may execute and deliver a replacement Certificate of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Certificate, or in lieu of and in substitution for such destroyed, lost or stolen Certificate, only upon the approval of the City and after (i) the filing by the Holder thereof with the Paying Agent/Registrar of evidence satisfactory to the Paying Agent/Registrar of the destruction, loss or theft of such Certificate, and of the authenticity of the ownership thereof and (ii) the furnishing to the Paying Agent/Registrar of indemnification in an amount satisfactory to hold the City and the Paying Agent/Registrar harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Certificate shall be borne by the Holder of the Certificate mutilated, or destroyed, lost or stolen.

Every replacement Certificate issued pursuant to this Section shall be a valid and binding obligation, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Certificates; notwithstanding the enforceability of payment by anyone of the destroyed, lost, or stolen Certificates.

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

SECTION 20: Satisfaction of Obligation of City. If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Certificates, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and the Net Revenues of the System (to the extent such pledge of Net Revenues shall not have been discharged or terminated by prior payment of principal of or interest on the Certificates) and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Certificates or any principal amount(s) thereof shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Certificates or the principal amount(s) thereof at maturity or the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any moneys deposited therewith, if any, to pay when due the principal of and interest on such Certificates, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Certificates to be treated as "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Certificates, or any principal amount(s) thereof, or interest thereon with respect to which such moneys have been so deposited shall be remitted to the City or deposited as directed by the City. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Certificates and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Certificates such moneys were deposited and are held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas, including the provisions of Title 6 of the Texas Property Code, as amended.

SECTION 21: Ordinance a Contract - Amendments. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City while any Certificates remain Outstanding except as permitted in this Section. The City may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the consent of Holders holding a majority in aggregate principal amount of the Certificates then Outstanding, amend, add to, or rescind any of the provisions of

this Ordinance; provided that, without the consent of all Holders of Outstanding Certificates, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Certificates, (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of Certificates required to be held by Holders for consent to any such amendment, addition, or rescission.

SECTION 22: Covenants to Maintain Tax-Exempt Status.

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

"*Closing Date*" means the date on which the Certificates are first authenticated and delivered to the initial purchasers against payment therefor.

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

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

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

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

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

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

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

"*Yield*" of (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations and (2) the Certificates has the meaning set forth in Section 1.148-4 of the Regulations.

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

adversely affect the exemption from federal income tax of the interest on any Certificate, the City shall comply with each of the specific covenants in this Section.

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

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

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

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

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

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

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

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

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

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

(3) As additional consideration for the purchase of the Certificates by the Underwriters and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the City shall pay to the United States from the construction fund, the general fund, or other appropriate fund or, if permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the Certificate Fund, the amount that when added to the future value of previous rebate payments made for the Certificates equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by Section 148(f) of the Code and the Regulations and rulings thereunder.

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

(i) Not to Divert Arbitrage Profits. Except to the extent permitted by Section 148 of the Code and the Regulations and rulings thereunder, the City shall not, at any time prior to the

earlier of the Stated Maturity or final payment of the Certificates, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection (h) of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Certificates not been relevant to either party.

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

SECTION 23: Sale of Certificates – Execution of Purchase Letter. The offer of the Purchaser to purchase the Certificates in accordance with a purchase letter, dated as of December 9, 2014 (the "Purchase Letter"), attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes, is hereby accepted and the sale of the Certificates to the Purchaser is hereby approved and authorized, and the City has determined and does determine that the terms of such Purchase Letter are in the City's best interests. The Mayor and City Secretary are hereby authorized and directed to sign the acceptance clause of the Purchase Letter for and on behalf of the City and as the act and deed of this Council. Delivery of the Certificates to the Purchaser shall occur as soon as possible upon payment being made therefor in accordance with the terms of sale.

SECTION 24: Proceeds of Sale. The proceeds of sale of the Certificates, excluding amounts to pay costs of issuance, shall be deposited in a construction fund maintained at a depository bank of the City. Pending expenditure for authorized projects and purposes, such proceeds of sale may be invested in authorized investments in accordance with the provisions of Texas Government Code, Chapter 2256, as amended, including guaranteed investment contracts permitted by Texas Government Code, Section 2256.015 et seq., as amended, and the City's investment policies and guidelines, and any investment earnings realized may be expended for such authorized projects and purposes or deposited in the Certificate Fund as shall be determined by the City Council. Any surplus proceeds of sale of the Certificates, including investment earnings, remaining after completion of all authorized projects or purposes shall be deposited to the credit of the Certificate Fund.

SECTION 25: Control and Custody of Certificates. The Mayor of the City shall be and is hereby authorized to take and have charge of all necessary orders and records pending the sale of the Certificates, the investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Certificates, and shall take and have charge and control of the Initial Certificate pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Underwriters.

SECTION 26: Notices to Holders Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Certificates. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive

such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 27: Cancellation. All Certificates surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Certificates previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Certificates so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Certificates held by the Paying Agent/Registrar shall be returned to the City.

SECTION 28: Bond Counsel's Opinion. The Underwriters' obligation to accept delivery of the Certificates is subject to being furnished a final opinion of Fulbright & Jaworski LLP, Dallas, Texas, approving the Certificates as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Certificates.

SECTION 29: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Certificates. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Certificates shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Certificates as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Certificates.

SECTION 30: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, and this Ordinance and all its provisions is intended to be and shall be for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

SECTION 31: Inconsistent Provisions. All ordinances, orders or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters contained herein.

SECTION 32: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 33: Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 34: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

SECTION 35: Severability. If any provision of this Ordinance or the application thereof to any circumstance shall be held to be invalid, the remainder of this Ordinance and the

application thereof to other circumstances shall nevertheless be valid, and the City Council hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 36: Further Procedures. Any one or more of the Mayor, Mayor Pro Tem, City Manager, Director of Finance and City Secretary are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the City all agreements, instruments, certificates or other documents, whether mentioned herein or not, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance and the issuance of the Certificates. In addition, prior to the initial delivery of the Certificates, the Mayor, Mayor Pro Tem, City Manager, Director of Finance and City Secretary or Bond Counsel to the City are each hereby authorized and directed to approve any changes or corrections to this Ordinance or to any of the documents authorized and approved by this Ordinance: (i) in order to cure any ambiguity, formal defect or omission in the Ordinance or such other document; or (ii) as requested by the Attorney General of the State of Texas or his representative to obtain the approval of the Certificates by the Attorney General and if such officer or counsel determines that such changes are consistent with the intent and purpose of the Ordinance, which determination shall be final. In the event that any officer of the City whose signature shall appear on any document shall cease to be such officer before the delivery of such document, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 37: Incorporation of Findings and Determinations. The findings and determinations of the City Council contained in the preamble hereof are hereby incorporated by reference and made a part of this Ordinance for all purposes as if the same were restated in full in this Section.

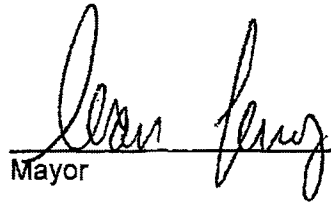
SECTION 38: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 39: Effective Date. This Ordinance shall take effect and be in full force from and after its adoption on the date shown below in accordance with Texas Government Code, Section 1201.028, as amended.

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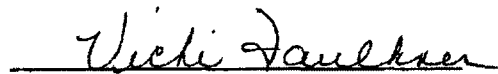
PASSED AND ADOPTED, this December 9, 2014.

CITY OF CELINA, TEXAS



Mayor

ATTEST:



City Secretary

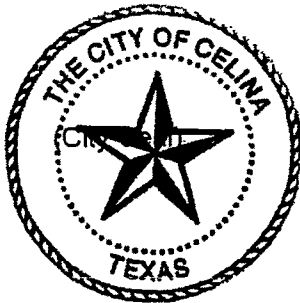


EXHIBIT A
PAYING AGENT/REGISTRAR AGREEMENT

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT is entered into as of December 9, 2014 (this "Agreement"), by and between JPMorgan Chase Bank, N.A., a banking association duly organized and existing under the laws of the United States of America (the "Bank") and the City of Celina, Texas (the "Issuer"),

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its "City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A" (the "Securities"), dated December 1, 2014, such Securities scheduled to be delivered to the initial purchasers thereof on or about December 23, 2014; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Securities and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Securities;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Securities, and, as Paying Agent for the Securities, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Securities as the same become due and payable to the registered owners thereof; all in accordance with this Agreement and the "Authorizing Document" (hereinafter defined). The Issuer hereby appoints the Bank as Registrar with respect to the Securities and, as Registrar for the Securities, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Securities and with respect to the transfer and exchange thereof as provided herein and in the Authorizing Document.

The Bank hereby accepts its appointment, and agrees to serve as the Paying Agent and Registrar for the Securities.

Section 1.02 Compensation. As compensation for the Bank's services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A attached hereto.

In addition, the Issuer agrees to reimburse the Bank upon its request for all reasonable expenses, disbursements and advances incurred or made by the Bank in accordance with any of the provisions hereof (including the reasonable compensation and the expenses and disbursements of its agents and counsel).

ARTICLE TWO DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

"Acceleration Date" on any Security means the date, if any, on and after which the principal or any or all installments of interest, or both, are due and payable on any Security which has become accelerated pursuant to the terms of the Security.

"Authorizing Document" means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, as the same may be amended or modified, including any pricing certificate related thereto, certified by the secretary or any other officer of the Issuer and delivered to the Bank.

"Bank Office" means the designated office of the Bank at the address shown in Section 3.01 hereof. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

"Financial Advisor" means First Southwest Company.

"Holder" and "Security Holder" each means the Person in whose name a Security is registered in the Security Register.

"Person" means any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision of a government.

"Predecessor Securities" of any particular Security means every previous Security evidencing all or a portion of the same obligation as that evidenced by such particular Security (and, for the purposes of this definition, any mutilated, lost, destroyed, or stolen Security for which a replacement Security has been registered and delivered in lieu thereof pursuant to Section 4.06 hereof and the Authorizing Document).

"Redemption Date", when used with respect to any Security to be redeemed, means the date fixed for such redemption pursuant to the terms of the Authorizing Document.

"Responsible Officer", when used with respect to the Bank, means the Chairman or Vice-Chairman of the Board of Directors, the Chairman or Vice-Chairman of the Executive Committee of the Board of Directors, the President, any Vice President, the Secretary, any Assistant Secretary, the Treasurer, any Assistant Treasurer, the Cashier, any Assistant Cashier, any Trust Officer or Assistant Trust Officer, or any other officer of the Bank customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject.

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfers of Securities.

"Stated Maturity" means the date specified in the Authorizing Document the principal of a Security is scheduled to be due and payable.

Section 2.02 Other Definitions. The terms "Bank," "Issuer," and "Securities (Security)" have the meanings assigned to them in the recital paragraphs of this Agreement.

The term "Paying Agent/Registrar" refers to the Bank in the performance of the duties and functions of this Agreement.

ARTICLE THREE PAYING AGENT

Section 3.01 Duties of Paying Agent. As Paying Agent, the Bank shall pay, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, on behalf of the Issuer the principal of each Security at its Stated Maturity, Redemption Date or Acceleration Date, to the Holder upon surrender of the Security to the Bank at the following address:

JPMorgan Chase Bank, N.A.
10 South Dearborn, L2
Chicago IL 60680-6026
Attention: Loan Servicing Department

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due, by computing the amount of interest to be paid each Holder and making payment thereof to the Holders of the Securities (or their Predecessor Securities) on the Record Date (as defined in the Authorizing Document). All payments of principal and/or interest on the Securities to the registered owners shall be accomplished (1) by the issuance of checks, payable to the registered owners, drawn on the paying agent account provided in Section 5.05 hereof, sent by United States mail, first class postage prepaid, to the address appearing on the Security Register or (2) by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of and interest on the Securities on the dates specified in the Authorizing Document.

ARTICLE FOUR REGISTRAR

Section 4.01 Security Register - Transfers and Exchanges. The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") for recording the names and addresses of the Holders of the Securities, the transfer, exchange and replacement of the Securities and the payment of the principal of and interest on the Securities to the Holders and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacements of Securities shall be noted in the Security Register.

Every Security surrendered for transfer or exchange shall be duly endorsed or be accompanied by a written instrument of transfer, the signature on which has been guaranteed by an officer of a federal or state bank or a member of the National Association of Securities Dealers, such written instrument to be in a form satisfactory to the Bank and duly executed by the Holder thereof or his agent duly authorized in writing.

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof will be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be cancelled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02 Securities. The Issuer shall provide additional Securities when needed to facilitate transfers or exchanges thereof. The Bank covenants that such additional Securities, if and when provided, will be kept in safekeeping pending their use and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other governments or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03 Form of Security Register. The Bank, as Registrar, will maintain the Security Register relating to the registration, payment, transfer and exchange of the Securities in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Security Register in any form other than those which the Bank has currently available and currently utilizes at the time.

The Security Register may be maintained in written form or in any other form capable of being converted into written form within a reasonable time.

Section 4.04 List of Security Holders. The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the required fee, a copy of the information contained in the Security Register. The Issuer may also inspect the information contained in the Security Register at any time the Bank is customarily open for business, provided that reasonable time is allowed the Bank to provide an up-to-date listing or to convert the information into written form.

The Bank will not release or disclose the contents of the Security Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except upon receipt of a court order or as otherwise required by law. Upon receipt of a court order and prior to the release or disclosure of the contents of the Security Register, the Bank will notify the Issuer so that the Issuer may contest the court order or such release or disclosure of the contents of the Security Register. ✓

Section 4.05 Return of Cancelled Securities. The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, all Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities. The Issuer hereby instructs the Bank, subject to the provisions of the Authorizing Document, to deliver and issue Securities in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities as long as the same does not result in an overissuance.

In case any Security shall be mutilated, destroyed, lost or stolen, the Bank may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such mutilated, destroyed, lost or stolen Security, only upon the approval of the Issuer and after (i) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, destroyed, lost or stolen.

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Securities pursuant to Section 4.06.

ARTICLE FIVE THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and agrees to use reasonable care in the performance thereof.

Section 5.02 Reliance on Documents, Etc.

(a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

(b) The Bank shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Bank was negligent in ascertaining the pertinent facts.

(c) No provisions of this Agreement shall require the Bank to expend or risk its own funds or otherwise incur any financial liability for performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity satisfactory to it against such risks or liability is not assured to it.

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities, but is protected in acting upon receipt of Securities containing an endorsement or instruction of

transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by the Issuer.

(e) The Bank may consult with counsel, and the written advice of such counsel or any opinion of counsel shall be full and complete authorization and protection with respect to any action taken, suffered, or omitted by it hereunder in good faith and in reliance thereon.

(f) The Bank may exercise any of the powers hereunder and perform any duties hereunder either directly or by or through agents or attorneys of the Bank.

(g) The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Securities in the manner disclosed in the closing memorandum or letter as prepared by the Issuer, the Financial Advisor or other agent. The Bank may act on a facsimile or e-mail transmission of the closing memorandum or letter acknowledged by the Issuer, the Issuer's financial advisor or other agent as the final closing memorandum or letter. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.03 Recitals of Issuer. The recitals contained herein with respect to the Issuer and in the Securities shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

The Bank shall in no event be liable to the Issuer, any Holder or Holders of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04 May Hold Securities. The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05 Moneys Held by Bank - Paying Agent Account/Collateralization. A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of moneys received from the Issuer under this Agreement for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under both the laws of the State of Texas and the laws of the United States of America to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation. Payments made from such paying agent account shall be made by check drawn on such account unless the owner of the Securities shall, at its own expense and risk, request an alternative method of payment.

Subject to the applicable unclaimed property laws of the State of Texas, any money deposited with the Bank for the payment of the principal of, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code, as amended. The Bank shall have no liability by virtue of actions taken in compliance with this provision.

The Bank is not obligated to pay interest on any money received by it under this Agreement.

This Agreement relates solely to money deposited for the purposes described herein, and the parties agree that the Bank may serve as depository for other funds of the Issuer, act as trustee under indentures authorizing other bond transactions of the Issuer, or act in any other capacity not in conflict with its duties hereunder.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demand, or controversy over its person as well as funds on deposit, in either a Federal or State District Court located in the state and county where the administrative office of the Issuer is located, and agree that service of process by certified or registered mail, return receipt requested, to the address referred to in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming any interest herein.

In the event the Bank becomes involved in litigation in connection with this Section, the Issuer, to the extent permitted by law, agrees to indemnify and save the Bank harmless from all loss, cost, damages, expenses, and attorney fees suffered or incurred by the Bank as a result. The obligations of the Bank under this Agreement shall be performable at the principal corporate office of the Bank in the City of Chicago, Illinois.

ARTICLE SIX MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereto.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page(s) hereof.

Section 6.04 Effect of Headings. The Article and Section headings herein are for convenience of reference only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns. All covenants and agreements herein by the Issuer shall bind its successors and assigns, whether so expressed or not.

Section 6.06 Severability. In case any provision herein shall be invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 6.07. Merger, Conversion, Consolidation, or Succession. Any corporation or association into which the Bank may be merged or converted or with which it may be consolidated, or any corporation or association resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation or association succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor of the Bank as Paying Agent under this Agreement without the execution or filing of any paper or any further act on the part of either parties hereto.

Section 6.08 Benefits of Agreement. Nothing herein, express or implied, shall give to any Person, other than the parties hereto and their successors hereunder, any benefit or any legal or equitable right, remedy, or claim hereunder.

Section 6.09 Entire Agreement. This Agreement and the Authorizing Document constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar and if any conflict exists between this Agreement and the Authorizing Document, the Authorizing Document shall govern.

Section 6.10 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same Agreement.

Section 6.11 Termination. This Agreement will terminate (i) on the date of final payment of the principal of and interest on the Securities to the Holders thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holders of the Securities of the appointment of a successor Paying Agent/Registrar. However, if the Issuer fails to appoint a successor Paying Agent/Registrar within a reasonable time, the Bank may petition a court of competent jurisdiction within the State of Texas to appoint a successor. Furthermore, the Bank and the Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Securities.

Upon an early termination of this Agreement, the Bank agrees to promptly transfer and deliver the Security Register (or a copy thereof), together with the other pertinent books and records relating to the Securities, to the successor Paying Agent/Registrar designated and appointed by the Issuer.

The provisions of Section 1.02 and of Article Five shall survive and remain in full force and effect following the termination of this Agreement.

Section 6.12 Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Texas.

[Remainder of page left blank intentionally.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

JPMORGAN CHASE BANK, N.A.

By: _____

Title: _____

Attest:

Address: 10 South Dearborn, L2
Chicago IL 60680-6026
Attention: Loan Servicing Department

Title: _____

[signature page to Paying Agent/Registrar Agreement – signatures continue on next page]

CITY OF CELINA, TEXAS

By: _____
Mayor

Address: 142 N. Ohio Street
Celina, Texas 75009

Attest:

City Secretary

[signature page to Paying Agent/Registrar Agreement]

ANNEX A

-0-

EXHIBIT B
PURCHASE LETTER

PURCHASE LETTER

December 9, 2014

Honorable Mayor and City Council
City of Celina, Texas
142 N. Ohio Street
Celina, Texas 75009

Re: \$1,645,000 City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A

Ladies and Gentlemen:

JPMorgan Chase Bank, N.A. (the "Purchaser") hereby offers to purchase from the City of Celina, Texas (the "City") the captioned certificates of obligation (the "Certificates") and, upon acceptance of this offer by the City, such offer will become a binding agreement between the Purchaser and the City. This offer must be accepted by 10:00 p.m., Dallas time, December 9, 2014, and if not so accepted will be subject to withdrawal.

1. Purchase Price: The purchase price for the Certificates is par, \$1,645,000.
2. Terms of Certificates: The Certificates shall be issued in principal amounts, shall bear interest at such rates, mature on such date and in such amount, and have such other terms and conditions as are set forth in the Ordinance (the "Ordinance") to be adopted by the City Council on December 9, 2014, unsigned copies of which have been provided to the Purchaser. Pursuant to and as more fully described in the Ordinance, the Certificates shall be secured by a pledge of ad valorem taxes to be levied on all taxable property within the City and from a limited pledge of the net revenues of the City's Waterworks and Sewer System.
3. Closing: The City shall deliver the Initial Certificate to, or for the account of, the Purchaser and the Purchaser shall purchase the Certificates at or about 10:00 a.m. Dallas time, on December 23, 2014, or at such other time as shall be mutually agreed upon (hereinafter referred to as the "Closing"). The Closing shall take place at the offices of Fulbright & Jaworski LLP, Dallas, Texas, or such other location as may be mutually agreed upon. The City will also deliver a signed copy of the Ordinance to the Purchaser.
4. Conditions to Closing: The Purchaser shall not have any obligation to consummate the purchase of the Certificates unless the following requirements have been satisfied prior to Closing:

- (a) The City shall have adopted the Ordinance authorizing the issuance of the Certificates.
 - (b) Fulbright & Jaworski LLP, Bond Counsel, shall have issued its approving legal opinion as to the due authorization, issuance and delivery of the Certificates and as to the exemption of the interest thereon from federal income taxation, upon which the Purchaser shall be entitled to rely.
 - (c) The Certificates shall have been approved by the Attorney General of the State of Texas and shall have been registered by the Comptroller of Public Accounts of the State of Texas.
 - (d) Nothing shall have occurred prior to closing which in the reasonable opinion of the Purchaser has had or could have a materially adverse affect on the City's business, property or financial condition.
5. Nature of Purchase: The Purchaser acknowledges that no official statement or other disclosure or offering document has been prepared in connection with the issuance and sale of the Certificates. The Purchaser is a financial institution or other accredited investor as defined in the Securities Act of 1933, Regulation D, 17 C.F.R. §230.501(a), accustomed to purchasing tax-exempt obligations in large denominations such as the Certificates. Fulbright & Jaworski LLP, Bond Counsel, has not undertaken steps to ascertain the accuracy or completeness of information furnished to the Purchaser with respect to the City or the Certificates, and the Purchaser has not looked to that firm for, nor has that firm made, any representations to the Purchaser with respect to that information. The Purchaser has satisfied itself that it may lawfully purchase the Certificates. The Certificates (i) are not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) will not be listed on any stock or other securities exchange; and (iii) will not carry any rating from any rating service. The Purchaser is familiar with the financial condition and affairs of the City, particularly with respect to its ability to pay its tax-supported obligations such as the Certificates. The Purchaser has received from the City all information that it has requested in order for it to assess and evaluate the security and source of payment for the Certificates. The Purchaser is purchasing the Certificates for its own account or for that of an affiliate as evidence of a loan to the City and has no present intention to make a public distribution or sale of the Certificates. In no event will the Purchaser sell the Certificates to purchasers who are not sophisticated investors unless an official statement or other disclosure document is prepared with respect to such sale of the Certificates.
6. In consideration of the purchase of the Certificates by the Purchaser, the City agrees as follows:
- (a) The City agrees to deliver to the Purchaser within 180 days after the end of each fiscal year, beginning with 2014, its audited financial statements.

- (b) During the period the Certificates are outstanding, the City agrees to deliver to the Purchaser any other financial information that the Purchaser may reasonably request from time to time.
- 7. Issue Price Certifications: Furthermore, the Purchaser hereby certifies and represents that (1) the Certificates were issued for cash and were not publicly offered, (2) the price paid by the undersigned for the Certificates is \$1,645,000, and (3) the undersigned understands that the statements contained herein will be relied upon by the City in its effort to comply with the conditions imposed by the Internal Revenue Code of 1986, as amended to the date of initial delivery of the Certificates, and Bond Counsel in rendering their opinion that the interest on the Certificates is excludable from the gross income of the owners thereof.
- 8. No Oral Agreements: To the extent allowed by law, the parties hereto agree to be bound by the terms of the following notice: THIS PURCHASE AGREEMENT, THE ORDINANCE OF THE CITY AUTHORIZING THE CERTIFICATES, THE ATTORNEY GENERAL OPINION, THE OPINION OF BOND COUNSEL AND THE CERTIFICATES TOGETHER REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES REGARDING THIS TRANSACTION AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS TRANSACTION.

[signatures begin on next page]

If this purchase agreement meets with the Purchaser's and the City's approval, please execute it in the place provided below.

JPMORGAN CHASE BANK, N.A.

By: _____

Title: _____

[signatures continue on next page]

ACCEPTED BY THE CITY OF CELINA, TEXAS:

Mayor

ATTEST:

City Secretary

PURCHASE LETTER

December 9, 2014

Honorable Mayor and City Council
City of Celina, Texas
142 N. Ohio Street
Celina, Texas 75009

Re: \$1,645,000 City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A

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1. Purchase Price: The purchase price for the Certificates is par, \$1,645,000.
2. Terms of Certificates: The Certificates shall be issued in principal amounts, shall bear interest at such rates, mature on such date and in such amount, and have such other terms and conditions as are set forth in the Ordinance (the "Ordinance") to be adopted by the City Council on December 9, 2014, unsigned copies of which have been provided to the Purchaser. Pursuant to and as more fully described in the Ordinance, the Certificates shall be secured by a pledge of ad valorem taxes to be levied on all taxable property within the City and from a limited pledge of the net revenues of the City's Waterworks and Sewer System.
3. Closing: The City shall deliver the Initial Certificate to, or for the account of, the Purchaser and the Purchaser shall purchase the Certificates at or about 10:00 a.m. Dallas time, on December 23, 2014, or at such other time as shall be mutually agreed upon (hereinafter referred to as the "Closing"). The Closing shall take place at the offices of Fulbright & Jaworski LLP, Dallas, Texas, or such other location as may be mutually agreed upon. The City will also deliver a signed copy of the Ordinance to the Purchaser.
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- (a) The City shall have adopted the Ordinance authorizing the issuance of the Certificates.
 - (b) Fulbright & Jaworski LLP, Bond Counsel, shall have issued its approving legal opinion as to the due authorization, issuance and delivery of the Certificates and as to the exemption of the interest thereon from federal income taxation, upon which the Purchaser shall be entitled to rely.
 - (c) The Certificates shall have been approved by the Attorney General of the State of Texas and shall have been registered by the Comptroller of Public Accounts of the State of Texas.
 - (d) Nothing shall have occurred prior to closing which in the reasonable opinion of the Purchaser has had or could have a materially adverse affect on the City's business, property or financial condition.
5. Nature of Purchase: The Purchaser acknowledges that no official statement or other disclosure or offering document has been prepared in connection with the issuance and sale of the Certificates. The Purchaser is a financial institution or other accredited investor as defined in the Securities Act of 1933, Regulation D, 17 C.F.R. §230.501(a), accustomed to purchasing tax-exempt obligations in large denominations such as the Certificates. Fulbright & Jaworski LLP, Bond Counsel, has not undertaken steps to ascertain the accuracy or completeness of information furnished to the Purchaser with respect to the City or the Certificates, and the Purchaser has not looked to that firm for, nor has that firm made, any representations to the Purchaser with respect to that information. The Purchaser has satisfied itself that it may lawfully purchase the Certificates. The Certificates (i) are not being registered under the Securities Act of 1933 and are not being registered or otherwise qualified for sale under the "Blue Sky" laws and regulations of any state; (ii) will not be listed on any stock or other securities exchange; and (iii) will not carry any rating from any rating service. The Purchaser is familiar with the financial condition and affairs of the City, particularly with respect to its ability to pay its tax-supported obligations such as the Certificates. The Purchaser has received from the City all information that it has requested in order for it to assess and evaluate the security and source of payment for the Certificates. The Purchaser is purchasing the Certificates for its own account or for that of an affiliate as evidence of a loan to the City and has no present intention to make a public distribution or sale of the Certificates. In no event will the Purchaser sell the Certificates to purchasers who are not sophisticated investors unless an official statement or other disclosure document is prepared with respect to such sale of the Certificates.
6. In consideration of the purchase of the Certificates by the Purchaser, the City agrees as follows:
- (a) The City agrees to deliver to the Purchaser within 180 days after the end of each fiscal year, beginning with 2014, its audited financial statements.

- (b) During the period the Certificates are outstanding, the City agrees to deliver to the Purchaser any other financial information that the Purchaser may reasonably request from time to time.
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- 8. No Oral Agreements: To the extent allowed by law, the parties hereto agree to be bound by the terms of the following notice: THIS PURCHASE AGREEMENT, THE ORDINANCE OF THE CITY AUTHORIZING THE CERTIFICATES, THE ATTORNEY GENERAL OPINION, THE OPINION OF BOND COUNSEL AND THE CERTIFICATES TOGETHER REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES REGARDING THIS TRANSACTION AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES RELATING TO THIS TRANSACTION.

[signatures begin on next page]

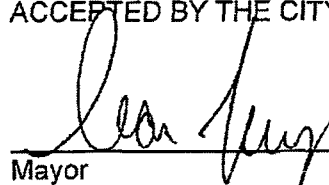
If this purchase agreement meets with the Purchaser's and the City's approval, please execute it in the place provided below.

JPMORGAN CHASE BANK, N.A.

By: 
Title: Vice President

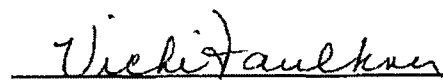
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ACCEPTED BY THE CITY OF CELINA, TEXAS:



Mayor

ATTEST:



City Secretary

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INITIAL CERTIFICATE OF OBLIGATION
TO BE PROVIDED

GENERAL CERTIFICATE

THE STATE OF TEXAS

COUNTIES OF COLLIN AND DENTON

CITY OF CELINA

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We, the undersigned, City Manager and City Secretary, respectively, of the City of Celina, Texas, DO HEREBY CERTIFY, with respect to the proposed "CITY OF CELINA, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2014A," dated December 1, 2014 (the "Certificates") as follows:

1. Relative to Nonencumbrance.

Save and except for the pledge of the income and revenues of the City's combined Waterworks and Sewer System (the "System") to the payment of (i) the principal of and interest to become due with respect to the

- (a) "City of Celina, Texas, Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2004", dated October 1, 2004,
- (b) "City of Celina, Texas, Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 2007", dated September 1, 2007; and
- (c) "City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014", dated June 1, 2014

(collectively, the "Outstanding Obligations") and the proposed Certificates, and (ii) a water supply contract and a sewage treatment contract with the Upper Trinity Regional Water District, said income and revenues of the System have not been pledged or hypothecated in any other manner or for any other purpose; and that the Outstanding Obligations, the above-mentioned contracts and the Certificates evidence the only liens, encumbrances or indebtedness of the System or against the income and revenues of the System.

2. Relative to No-Default.

The City is not in default as to any covenant, condition or obligation contained in the ordinances authorizing the issuance of the Outstanding Obligations; and there is currently on deposit in the respective special funds created for the payment and security of the Outstanding Obligations the amounts now required to be on deposit therein.

3. Relative to Income and Revenues.

The following is a schedule of the gross receipts, operating expenses and net revenues of the System for the years stated:

<u>Fiscal Year/ Ending 9-30</u>	<u>Gross Receipts (\$)</u>	<u>Operating Expenses (\$)</u>	<u>Net Revenues (\$)</u>
2009	3,237,226	2,118,534	1,118,692
2010	3,368,661	2,325,473	1,043,188
2011	4,199,387	2,366,785	1,832,602
2012	4,406,232	2,633,213	1,773,019
2013	4,781,510	3,166,211	1,615,299

4. Relative to Utility Properties.

The City secures its water from four wells. In addition, the City secures its water pursuant to a water supply contract with the Upper Trinity Regional Water District.

As of the date hereof, no question is pending and no proceedings of any nature have been instituted in any manner questioning the City's right and title to its utility properties or its authority to operate the same, or the contract with the Upper Trinity Regional Water District.

5. Relative to Rates and Charges.

The current monthly rates and charges for services provided by the System are as shown in Exhibit A attached hereto and incorporated herein by reference as a part of this certificate for all purposes.

6. Relative to Tax Supported Indebtedness.

The total principal amount of indebtedness of the City, including the proposed Certificates, payable from ad valorem taxes levied and collected by the City is as follows:

OUTSTANDING INDEBTEDNESS	\$30,060,000
THE CERTIFICATES	<u>1,645,000</u>
TOTAL INDEBTEDNESS	<u>\$ 31,705,000</u>

7. Relative to Debt Service Schedule.

A debt service requirement schedule for the City's outstanding indebtedness payable in whole or in part from ad valorem taxes, including the Certificates, is attached hereto as Exhibit B and made a part of this certificate for all purposes.

8. Relative to Taxable Values.

The current assessed value of all taxable property (net of exemptions) in the City, as shown by the tax rolls for the year 2014/15, and which has been duly approved and is the latest official assessment of taxable property in the City, is \$550,278,293.

9. Relative to City Officials.

Certain duly qualified and acting officials of the City are as follows:

SEAN TERRY	MAYOR
VICKI FAULKNER	CITY SECRETARY
MIKE FOREMAN	CITY MANAGER
JAY TOUTOUNCHIAN	DIRECTOR OF FINANCE

10. Relative to Incorporation.

The City is incorporated under the general laws of the State of Texas, and is operating under the Home Rule Amendment to the Texas Constitution, Section 5, Article XI, as amended in 1912. The City Charter was adopted at an election held in the City for that purpose on May 12, 2007 and has not been amended in any respect since its adoption.

11. Relative to No Petition.

No petition of any kind or character, signed by at least 5% of the qualified electors of the City, has been filed with or presented to the Mayor, City Secretary or any other official of the City protesting the issuance of the Certificates.

12. Relative to No Free Services.

Except for city buildings and institutions operated by the City, no free services of the System shall be allowed, and rates charged for services furnished by the System shall be equal and uniform as required by law.

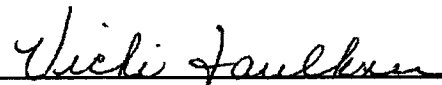
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WITNESS OUR HANDS AND THE SEAL OF THE CITY OF CELINA, TEXAS, this the 9th day of December, 2014.

CITY OF CELINA, TEXAS



City Manager



City Secretary



EXHIBIT A
RATES AND CHARGES

Water Rates

Residential

	Rate
0-2000 Gallons (min) 5/8 and 3/4 inch meter	\$22.25
1 inch meter	\$38.93
1 1/2 inch meter	\$77.87
2 inch meter	\$124.59

Commercial

	Rate
0-2000 Gallons (min) 5/8 and 3/4 inch meter	\$27.81
1 inch meter	\$48.67
1 1/2 inch meter	\$97.34
2 inch meter	\$155.74
3 inch meter	\$233.60
4 inch meter	\$389.34

Volume Rates (per Thousand Gallons)

2001-10,000 Gallons per 1k	\$4.96	2001 - 14,000 Gallons	\$4.96
10,001 -20,000 Gallons per 1k	\$7.44	10,001 -20,000 Gallons	\$7.44
20,001 - 30,000 Gallons per 1k	\$8.68	20,001 - 30,000 Gallons	\$8.68
30,001 Gallons and above per 1k	\$12.40	30,001 Gallons and above	\$12.40

Sewer/Wastewater Rates

Residential

	Rate
0-2000 Gallons (min) 5/8 and 3/4 inch meter	\$20.60
1 inch meter	\$38.63
1 1/2 inch meter	\$72.10
2 inch meter	\$123.60

Commercial

	Rate
0-2000 Gallons (min) 5/8 and 3/4 inch meter	\$25.75
1 inch meter	\$48.29
1 1/2 inch meter	\$90.13
2 inch meter	\$154.50
4 inch meter	\$386.25

Volume Rates (per Thousand Gallons)

2001-10,000 Gallons	\$5.73	2001 and up per 1k gallons	\$5.73
Usage fees cap at 14,000 gallons	\$89.45		

EXHIBIT B
DEBT SERVICE SCHEDULE

Fiscal Year Ending 30-Sep	Outstanding Debt Service			The Series 2014A Certificates			Total General Obligation Debt Service
	Principal	Interest	Total D/S	Principal	Interest	Total D/S	
2015	\$ 1,475,000	\$ 1,001,088	\$ 2,476,088	\$ -	\$ -	\$ -	\$ 2,476,088
2016	1,600,000	923,676	2,523,676	-	73,623	73,623	2,597,299
2017	1,640,000	882,104	2,522,104	20,000	43,593	63,593	2,585,696
2018	1,800,000	839,716	2,639,716	95,000	43,063	138,063	2,777,779
2019	1,840,000	793,833	2,633,833	105,000	40,545	145,545	2,779,378
2020	1,890,000	740,850	2,630,850	110,000	37,763	147,763	2,778,613
2021	1,890,000	684,460	2,574,460	320,000	34,848	354,848	2,929,308
2022	1,735,000	629,273	2,364,273	325,000	26,368	351,368	2,715,640
2023	1,790,000	574,098	2,364,098	330,000	17,755	347,755	2,711,853
2024	1,410,000	517,058	1,927,058	340,000	9,010	349,010	2,276,068
2025	1,240,000	465,080	1,705,080	-	-	-	1,705,080
2026	1,285,000	421,075	1,706,075	-	-	-	1,706,075
2027	1,330,000	374,669	1,704,669	-	-	-	1,704,669
2028	1,375,000	324,663	1,699,663	-	-	-	1,699,663
2029	1,445,000	268,156	1,713,156	-	-	-	1,713,156
2030	1,305,000	208,519	1,513,519	-	-	-	1,513,519
2031	1,340,000	157,563	1,497,563	-	-	-	1,497,563
2032	1,290,000	103,825	1,393,825	-	-	-	1,393,825
2033	1,005,000	52,225	1,057,225	-	-	-	1,057,225
2034	320,000	12,800	332,800	-	-	-	332,800
	<u>\$ 29,005,000</u>	<u>\$ 9,974,729</u>	<u>\$ 38,979,729</u>	<u>\$ 1,645,000</u>	<u>\$ 326,565</u>	<u>\$ 1,971,565</u>	<u>\$ 40,951,294</u>

SIGNATURE AND NO-LITIGATION CERTIFICATE

STATE OF TEXAS

COUNTIES OF COLLIN AND DENTON

CITY OF CELINA

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WE, the undersigned, officials of the City of Celina, Texas (the "Issuer"), do hereby certify with respect to the "CITY OF CELINA, TEXAS, TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE CERTIFICATES OF OBLIGATION, SERIES 2014A" (the "Certificates"), dated December 1, 2014 (the "Certificate Date"), as follows:

(1) The Certificates have been duly and officially executed by the undersigned with our manual or facsimile signature in the same manner appearing hereon, and the undersigned hereby adopt and ratify our respective signatures in the manner appearing on each of the Certificates whether in manual or facsimile form, as the case may be, as our true, genuine and official signatures.

(2) On the Certificate Date and on the date hereof, we were and are the duly qualified and acting officials of the Issuer indicated below.

(3) We have caused the official seal of the Issuer to be impressed, imprinted or lithographed on the Certificates; and said seal on the Certificates has been duly adopted as, and is hereby declared to be, the official seal of the Issuer.

(4) No litigation of any nature is now pending before any federal or state court, or administrative body, or to our knowledge threatened, seeking to restrain or enjoin the issuance or delivery of the Certificates or questioning the issuance or sale of the Certificates, the authority or action of the governing body of the Issuer relating to the issuance or sale of the Certificates, the levy of the tax, or the assessment and collection thereof, to pay the principal of and interest on the Certificates, the collection of the revenues of the Issuer's combined Waterworks and Sewer System (the "System"), or the imposition of rates and charges with respect to the System, or that would otherwise adversely affect in a material manner the financial condition of the Issuer to pay the principal of and interest on the Certificates; and that neither the corporate existence or boundaries of the Issuer nor the right to hold office of any member of the governing body of the Issuer or any other elected or appointed official of the Issuer is being contested or otherwise questioned.

(5) No valid petition has been filed with any official of the Issuer requesting the proceedings authorizing the issuance of the Certificates adopted by the governing body of the Issuer be submitted to a referendum or other election; no authority or proceeding for the issuance, sale or delivery of the Certificates by the governing body of the Issuer has been amended, repealed, revoked, rescinded or otherwise modified since the date of passage thereof, and all such proceedings and authority relating to the issuance and sale of the Certificates remain in full force and effect as of the date of this certificate.

The Issuer hereby authorizes the Office of the Attorney General to date this certificate the date of delivery of its approving opinion, and agrees to notify the Office of the Attorney General of any changes with respect to this certificate or any Certificate documents to which it is a party that are made between the date of such opinion and the date of closing.

DELIVERED this 12/18/14

SIGNATURE

OFFICIAL TITLE

Sean Terry

Mayor
City of Celina, Texas

Vicki Faulkner

City Secretary
City of Celina, Texas

STATE OF TEXAS

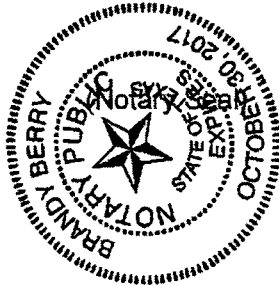
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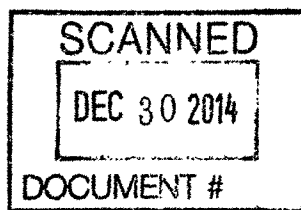
COUNTY OF COLLIN

The undersigned, a Notary Public, hereby represents and certifies each of the signatures of Sean Terry and Vicki Faulkner, Mayor and City Secretary, respectively, of the City of Celina, Texas, appearing above is genuine.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 11 day of December, 2014.

Brandi Terry
Notary Public, State of Texas





**NOVEMBER 4, 2015
2nd UPDATE
to the
OFFICIAL STATEMENT DATED SEPTEMBER 17, 2015**

Relating to the issuance of:

**\$15,280,000.00
CITY OF CELINA, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2015**

UPDATES MADE:

- 1. Page 6: Selected Financial Information: clerical error fixed.**
- 2. Page 19: Table 1: Updated General Obligation Principal Amount Outstanding Date**
- 3. Page 21: Table 3: clerical error fixed.**
- 4. Page 22: Table 6: Data updated to reflect current information**
- 5. Page 22: Table 7: Updated with current information**
- 6. Page 23: Table 8: Data updated to reflect current information**

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**OCTOBER 14, 2015, UPDATE
to the
OFFICIAL STATEMENT DATED SEPTEMBER 17, 2015**

Relating to the issuance of:

**\$15,280,000.00
CITY OF CELINA, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2015**

UPDATES MADE:

- 1. Throughout the OS the Delivery Date was updated to reflect new date.**
- 2. Sources and Uses table on page 8 was updated.**

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OFFICIAL STATEMENT

Dated September 17, 2015
Updated: October 14, 2015
2nd Update: November 4, 2015

Ratings:
Moody's: "A1"
S&P: "AA-"
(see "OTHER INFORMATION –
Ratings" herein)

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations.

THE CERTIFICATES HAVE NOT BE DESIGNATED
AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

\$15,280,000
CITY OF CELINA, TEXAS
(Collin and Denton Counties)
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2015

Dated Date: September 15, 2015

Due: September 1, as shown on page 2

Interest accrues from date of delivery

PAYMENT TERMS. . . Interest on the \$15,280,000 City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 (the "Certificates") will accrue from the date of delivery (anticipated to be November 13, 2015), and will be payable March 1 and September 1 of each year commencing March 1, 2016, until maturity or prior redemption, and will be calculated on the basis of a 360-day year consisting of twelve 30-day months. The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES - Book-Entry-Only System" herein). The initial Paying Agent/Registrar is U.S. Bank National Association, Dallas, Texas (see "THE CERTIFICATES - Paying Agent/Registrar").

AUTHORITY FOR ISSUANCE. . . The Certificates are issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State of Texas (the "State"), particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and constitute direct obligations of the City of Celina, Texas (the "City"), payable from a combination of (i) the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed \$1,000) of the Net Revenues from the operation of the City's Waterworks and Sewer System, as provided in the ordinance authorizing the Certificates (the "Ordinance") (see "THE CERTIFICATES – Authority for Issuance of the Certificates"). The terms of sale and approval of the sale of the Certificates will be included in the Ordinance to be adopted on November 10, 2015 which will ratify and confirm the pricing of the Certificates.

PURPOSE. . . Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) improving and extending the City's combined Waterworks and Sewer System, including the acquisition of land and rights-of-way therefor, (ii) acquiring, constructing, improving and equipping public works facilities and fleet maintenance facilities, including the acquisition of land therefor and (iii) acquiring, constructing, improving and equipping public safety facilities, including the acquisition of land therefor, (iv) constructing, improving and renovating streets, alleys, culverts and bridges, including drainage, landscaping, screening walls, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of land and rights-of-way therefor and (v) professional services rendered in connection with such projects and the financing thereof.

CUSIP PREFIX: 151141
MATURITY SCHEDULE & 9 DIGIT CUSIP
See Schedule on Page 2

LEGALITY. . . The Certificates are offered for delivery when, as and if issued and received by the Underwriters and subject to the approving opinion of the Attorney General of Texas and the opinion of Norton Rose Fulbright US LLP, Bond Counsel, Dallas, Texas, (see Appendix C, "Form of Bond Counsel's Opinion"). Certain legal matters will be passed upon for the Underwriters by McCall, Parkhurst & Horton, Dallas, Texas, Counsel for the Underwriters.

DELIVERY. . . It is expected that the Certificates will be available for delivery through DTC on November 13, 2015.

BOSC, Inc.
A subsidiary of BOK Financial Corporation
Jefferies

MATURITY SCHEDULE

CUSIP Prefix: 151141 ⁽¹⁾

Principal Amount	Maturity Date	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 90,000	9/1/2016	2.000%	0.550%	SH2
220,000	9/1/2017	2.000%	0.860%	SJ8
355,000	9/1/2018	2.000%	1.190%	SK5
355,000	9/1/2019	2.500%	1.520%	SL3
370,000	9/1/2020	2.500%	1.800%	SM1
225,000	9/1/2021	4.000%	2.140%	SN9
455,000	9/1/2022	4.000%	2.370%	SP4
470,000	9/1/2023	5.000%	2.580%	SQ2
720,000	9/1/2024	5.000%	2.720%	SR0
850,000	9/1/2025	5.000%	2.830%	SS8
895,000	9/1/2026	5.000%	2.950% ⁽²⁾	ST6
930,000	9/1/2027	5.000%	3.040% ⁽²⁾	SU3
980,000	9/1/2028	5.000%	3.130% ⁽²⁾	SV1
1,020,000	9/1/2029	5.000%	3.220% ⁽²⁾	SW9
1,080,000	9/1/2030	5.000%	3.300% ⁽²⁾	SX7
1,135,000	9/1/2031	5.000%	3.370% ⁽²⁾	SY5
1,190,000	9/1/2032	5.000%	3.430% ⁽²⁾	SZ2
1,255,000	9/1/2033	5.000%	3.480% ⁽²⁾	TA6
1,305,000	9/1/2034	5.000%	3.530% ⁽²⁾	TB4
1,380,000	9/1/2035	5.000%	3.570% ⁽²⁾	TC2

(Interest to accrue from the date of delivery.)

- (1) CUSIP is a registered trademark of the American Bankers Association. CUSIP data set forth herein is provided by CUSIP Global Services managed by S&P Capital IQ on behalf of The American Bankers Association. This data is not intended to create a database and does not serve in any way as a substitute for CUSIP services. Neither the City, the Financial Advisor nor the Underwriters shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.
- (2) Initial yield is shown to the first available call date of September 1, 2025.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on or after September 1, 2026, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on September 1, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES – Optional Redemption").

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No dealer, broker, salesman or other person has been authorized by the City or the Underwriters to give any information or to make any representations other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by the City or the Underwriters. This Official Statement, which includes the cover page and the Appendices hereto, does not constitute an offer to sell, nor is it to be used in connection with an offer to sell or the solicitation of an offer to buy, the Certificates in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction.

Certain information set forth herein has been obtained from the City and other sources that the City and the Underwriters believe to be reliable but is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Financial Advisor or the Underwriters. Any information and expressions of opinion herein contained are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City or other matters described herein since the date hereof. See "CONTINUING DISCLOSURE OF INFORMATION" for a description of the City's undertaking to provide certain information on a continuing basis.

The prices and other terms respecting the offering and sale of the Certificates may be changed from time to time by the Underwriters after the Certificates are released for sale, and the Certificates may be offered and sold at prices other than the initial offering prices, including sales to dealers who may sell the Certificates into investment accounts.

IN CONNECTION WITH THE OFFERING OF THE CERTIFICATES, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE CERTIFICATES ARE EXEMPT FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION AND CONSEQUENTLY HAVE NOT BEEN REGISTERED THEREWITH. THE REGISTRATION, QUALIFICATION, OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTION IN WHICH THE CERTIFICATES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF.

NONE OF THE CITY, THE UNDERWRITERS, OR THE FINANCIAL ADVISOR MAKES ANY REPRESENTATION OR WARRANTY WITH RESPECT TO THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT REGARDING THE DEPOSITORY TRUST COMPANY ("DTC"), AS SUCH INFORMATION HAS BEEN PROVIDED BY DTC.

THIS OFFICIAL STATEMENT CONTAINS "FORWARD-LOOKING" STATEMENTS WITHIN THE MEANING OF SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SUCH STATEMENTS MAY INVOLVE KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS WHICH MAY CAUSE THE ACTUAL RESULTS, PERFORMANCE AND ACHIEVEMENTS TO BE DIFFERENT FROM FUTURE RESULTS, PERFORMANCE, AND ACHIEVEMENTS EXPRESSED OR IMPLIED BY SUCH FORWARD-LOOKING STATEMENTS. INVESTORS ARE CAUTIONED THAT THE ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE SET FORTH IN THE FORWARD-LOOKING STATEMENTS.

The agreements of the City and others related to the Certificates are contained solely in the contracts described herein. Neither this Official Statement nor any other statement made in connection with the offer or sale of the Certificates is to be construed as constituting an agreement with the purchasers of the Certificates. INVESTORS SHOULD READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING THE SCHEDULE AND ALL APPENDICES ATTACHED HERETO, TO OBTAIN INFORMATION ESSENTIAL TO MAKING AN INFORMED INVESTMENT DECISION.

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The cover pages hereof, this page and the appendices included herein and any addenda, supplement or amendment hereto, are part of the Official Statement.

OFFICIAL STATEMENT SUMMARY

This summary is subject in all respects to the more complete information and definitions contained or incorporated in this Official Statement. The offering of the Certificates to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this summary from this Official Statement or to otherwise use it without the entire Official Statement.

THE CITY..... The City of Celina, Texas (the "City") is a political subdivision of the State of Texas (the "State"), and is a home rule municipality located in Collin and Denton Counties, Texas. The City covers approximately 78 square miles (see "INTRODUCTION - Description of the City").

THE CERTIFICATES The Certificates are issued as \$15,280,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 (the "Certificates"). The Certificates are issued as serial certificates maturing September 1 in the years 2016 through 2035 (see "THE CERTIFICATES - Description of the Certificates").

PAYMENT OF INTEREST

ON THE CERTIFICATES..... Interest on the Certificates accrues from the date of delivery (anticipated to be November 13, 2015), and is payable March 1 and September 1 of each year, commencing March 1, 2016, until maturity or prior redemption (see "THE CERTIFICATES - Description of the Certificates").

AUTHORITY FOR ISSUANCE

OF THE CERTIFICATES..... The Certificates are issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State, including particularly Subchapter C of Chapter 271, Texas Local Government Code, as amended, and an ordinance passed by the City Council (the "Ordinance") (see "THE CERTIFICATES - Authority for Issuance of the Certificates").

SECURITY FOR THE

CERTIFICATES The Certificates constitute direct obligations of the City, payable from a combination of (i) the levy and collection of an annual ad valorem tax, within the limits prescribed by law, on all taxable property located within the City, and (ii) a limited pledge (not to exceed \$1,000) of the Net Revenues from the operation of the City's Waterworks and Sewer System, as provided in the Ordinance (see "THE CERTIFICATES - Security and Source of Payment of the Certificates"). The terms of sale and approval of the sale of the Certificates will be included in the Ordinance to be adopted on November 10, 2015 which will ratify and confirm the pricing of the Certificates.

OPTIONAL REDEMPTION The City reserves the right, at its option, to redeem Certificates having stated maturities on or after September 1, 2026, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on September 1, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES - Optional Redemption").

TAX EXEMPTION..... In the opinion of Bond Counsel, the interest on the Certificates will be excludable from gross income for federal income tax purposes under existing law, subject to the matters described under the caption "TAX MATTERS", including the alternative minimum tax on corporations.

USE OF PROCEEDS FOR THE

CERTIFICATES Proceeds from the sale of the Certificates will be used for the purpose of paying contractual obligations to be incurred for (i) improving and extending the City's combined Waterworks and Sewer System, including the acquisition of land and rights-of-way therefor, (ii) acquiring, constructing, improving and equipping public works facilities and fleet maintenance facilities, including the acquisition of land therefor and (iii) acquiring, constructing, improving and equipping public safety facilities, including the acquisition of land therefor, (iv) constructing, improving and renovating streets, alleys, culverts and bridges, including drainage, landscaping, screening walls, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of land and rights-of-way therefor and (v) professional services rendered in connection with such projects and the financing thereof.

RATINGS FOR THE

CERTIFICATES The Certificates have been rated "A1" by Moody's Investors Service ("Moody's") and "AA-" by Standard & Poor's ("S&P") without regard to credit enhancement. (see "OTHER INFORMATION - Ratings").

BOOK-ENTRY-ONLY

SYSTEM..... The definitive Certificates will be initially registered and delivered only to Cede & Co., the nominee of DTC pursuant to the Book-Entry-Only System described herein. Beneficial ownership of the Certificates may be acquired in denominations of \$5,000 or integral multiples thereof within a maturity. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES - Book-Entry-Only System")

PAYMENT RECORD The City has never defaulted in payment of its general obligation bonds since 1939 when all bonds were refunded at par with a reduction in interest rate. The City has never defaulted on its revenue bonds.

SELECTED FINANCIAL INFORMATION

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Net G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Taxable Assessed Valuation Per Capita	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2011	6,780	\$ 454,073,487	\$ 8,138,013	\$ 66,975	1.79%	\$ 1,200
2012	7,625	461,631,888	11,796,363	60,539	2.56%	1,547
2013	8,576	482,795,602	16,894,370	56,296	3.50%	1,970
2014	8,600	509,226,019	19,483,778	59,212	3.83%	2,266
2015	8,756	555,548,867	18,817,640	63,448	3.39%	2,149
2016	8,756	661,670,092	20,236,515 ⁽⁴⁾	75,568	3.06%	2,311

(1) Provided by City staff.

(2) As reported by the Collin and Denton Central Appraisal Districts on City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Excludes self-supporting debt. See Table 10 – Computation of Self-Supporting Debt.

(4) Projected, subject to change.

For additional information regarding the City, please contact:

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Director of Finance
jtoutounchian@celina-tx.gov
City of Celina
City Hall
142 N. Ohio Street
Celina, TX 75009
(972) 382-2682

or

James S. Sabonis
Managing Director
jim.sabonis@firstsw.com
First Southwest Company, LLC
325 North Saint Paul, Suite 800
Dallas, Texas 75201
(214) 953-4195

CITY OFFICIALS, STAFF AND CONSULTANTS

ELECTED OFFICIALS

<u>Name</u>	<u>Position</u>	<u>On Council Since</u>	<u>Term Expires May</u>
Sean Terry	Mayor	2008	2017
Erik Geiger	Council Member	2014	2016
Wayne Nabors	Council Member	2007	2018
Andy Hopkins	Council Member	2015	2018
Carmen Roberts	Council Member	2011	2017
Lori Vaden	Council Member	2014	2017
Chad Anderson	Council Member	2013	2016

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Years with the City</u>
Mike Foreman	City Manager	4 Years
Jay Toutounchian	City Treasurer	10 Years
Vicki Faulkner	City Secretary	20 Years
Lance Vanzant	City Attorney	12 Years
Gabriel Johnson	Director of Public Works	1 Year
Helen-Eve Liebman	Director of Planning and Development Service	4 Years

CONSULTANTS AND ADVISORS

Auditors	Scott, Singleton, Fincher and Company, P.C. Greenville, Texas
Bond Counsel	Norton Rose Fulbright US LLP Dallas, Texas
Financial Advisor.....	First Southwest Company, LLC Dallas, Texas

**OFFICIAL STATEMENT
RELATING TO
\$15,280,000
CITY OF CELINA, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2015**

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$15,280,000 City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance authorizing the Certificates (the "Ordinance"), except as otherwise indicated herein.

There follows in this Official Statement descriptions of the Certificates and certain information regarding the City of Celina, Texas (the "City") and its finances. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. Copies of such documents may be obtained from the City's Financial Advisor, First Southwest Company, LLC, Dallas, Texas.

DESCRIPTION OF THE CITY. . . The City is a political subdivision and is a home rule municipality of the State of Texas, duly organized and existing under the laws of the State, including the City's Home Rule Charter. The City adopted a Home Rule Charter on May 12, 2007. The City operates under a Council/Manager form of government with a City Council comprised of the Mayor and six Councilmembers who are elected for staggered three-year terms. The City Council formulates operating policy for the City while the City Manager is the chief administration officer. Some of the services that the City provides are: public safety (police and fire protection), highways and streets, water and sanitary sewer utilities, public improvements, planning and zoning, and general administrative services. The 2010 Census population for the City was 6,028, while the estimated 2015 estimated population is 8,756. The City covers approximately 78 square miles.

THE CERTIFICATES

PURPOSE FOR THE CERTIFICATES. . . Proceeds from the sale of the Certificates will be used for purpose of paying contractual obligations to be incurred for (i) improving and extending the City's combined Waterworks and Sewer System, including the acquisition of land and rights-of-way therefor, (ii) acquiring, constructing, improving and equipping public works facilities and fleet maintenance facilities, including the acquisition of land therefor and (iii) acquiring, constructing, improving and equipping public safety facilities, including the acquisition of land therefor, (iv) constructing, improving and renovating streets, alleys, culverts and bridges, including drainage, landscaping, screening walls, curbs, gutters, sidewalks, signage and traffic signalization incidental thereto and the acquisition of land and rights-of-way therefor and (v) professional services rendered in connection with such projects and the financing thereof.

SOURCES AND USES OF CERTIFICATE PROCEEDS . . . The proceeds from the sale of the Certificates are expected to be expended as follows:

SOURCES OF FUNDS:

Par Amount of Certificates	\$ 15,280,000.00
Net Premium	<u>2,022,095.35</u>
TOTAL SOURCES	<u>\$ 17,302,095.35</u>

USES OF FUNDS:

Deposit to Project Fund	\$ 17,000,000.00
Underwriter's Discount	101,742.94
Costs of Issuance	<u>200,352.41</u>
TOTAL USES	<u>\$ 17,302,095.35</u>

DESCRIPTION OF THE CERTIFICATES. . . The Certificates are dated September 15, 2015 (the "Dated Date"), and mature on September 1 in each of the years and in the amounts shown on page 2. Interest will accrue from the date of delivery of the Certificates (anticipated to be November 13, 2015), will be computed on the basis of a 360-day year of twelve 30-day months, and will be payable on March 1 and September 1 of each year commencing March 1, 2016 until maturity or prior redemption. The definitive Certificates will be issued only in fully registered form in any integral multiple of \$5,000 for any one maturity and will be initially registered and delivered only to Cede & Co., the nominee of The Depository Trust Company ("DTC") pursuant to the Book-Entry-Only System described herein. No physical delivery of the Certificates will be made to the beneficial owners thereof. Principal of, premium, if any, and interest on the Certificates will be payable by the Paying Agent/Registrar to Cede & Co., which will make distribution of the amounts so paid to the participating members of DTC for subsequent payment to the beneficial owners of the Certificates (see "THE CERTIFICATES - Book-Entry-Only System").

AUTHORITY FOR ISSUANCE OF THE CERTIFICATES. . . The Certificates are being issued pursuant to the City's Home Rule Charter, the Constitution and general laws of the State, particularly Subchapter C of Chapter 271, Texas Local Government, as amended, and the Ordinance. The terms of sale and approval of the sale of the Certificates will be included in the Ordinance to be adopted on November 10, 2015 which will ratify and confirm the pricing of the Certificates.

SECURITY AND SOURCE OF PAYMENT OF THE CERTIFICATES. . . The Certificates are payable from the proceeds of an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property located within the City and from a limited pledge of the Net Revenues (as defined in the Ordinance) of the City's combined Waterworks and Sewer System (the "System"), such pledge being limited to an amount not in excess of \$1,000 and, being junior and subordinate to the lien on and pledge of such Net Revenues securing the payment of "Prior Lien Obligations" (identified and defined in the Ordinance) now outstanding and as may be issued hereafter by the City.

In the Ordinance, the City reserves and retains the right to issue Prior Lien Obligations without limitation as to principal amount but subject to any applicable terms, conditions or restrictions under law or otherwise as well as the right to issue additional obligations payable from the same sources as are the Certificates and, together with the Certificates, equally and ratably secured by a parity lien on and pledge of the surplus Net Revenues of the System.

TAX RATE LIMITATION. . . All taxable property within the City is subject to the assessment, levy and collection by the City of a continuing annual ad valorem tax sufficient to provide for the payment of principal of and interest on all ad valorem tax debt within the limits prescribed by law. Article XI, Section 5, of the Texas Constitution is applicable to the City, and provides for a maximum ad valorem tax rate of \$2.50 per \$100 Taxable Assessed Valuation for all City purposes. The Home Rule Charter of the City authorizes the constitutional maximum tax rate of \$2.50 per \$100 Taxable Assessed Valuation. Administratively, the Attorney General of the State of Texas will permit allocation of the \$1.50 of the \$2.50 maximum tax rate for all general obligation debt service, as calculated at the time of issuance based on a 90% collection factor.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on or after September 1, 2026, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on September 1, 2025, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption. If less than all of the Certificates are to be redeemed, the City may select the maturities of such Certificates to be redeemed. If less than all the Certificates of any maturity are to be redeemed, the Paying Agent/Registrar (or DTC while the Certificates are in Book-Entry-Only form) shall determine by lot the Certificates, or portions thereof, within such maturity to be redeemed. If a Certificate (or any portion of the principal sum thereof) shall have been called for redemption and notice of such redemption shall have been given, such Certificate (or the principal amount thereof to be redeemed) shall become due and payable on such redemption date and interest thereon shall cease to accrue from and after the redemption date, provided funds for the payment of the redemption price and accrued interest thereon are held by the Paying Agent/Registrar on the redemption date.

NOTICE OF REDEMPTION. . . Not less than 30 days prior to a redemption date for the Certificates, the City shall cause a notice of redemption to be sent by United States mail, first class, postage prepaid, to the registered owners of the Certificates to be redeemed, in whole or in part, at the address of the registered owner appearing on the registration books of the Paying Agent/Registrar at the close of business on the business day next preceding the date of mailing such notice. ANY NOTICE SO MAILED SHALL BE CONCLUSIVELY PRESUMED TO HAVE BEEN DULY GIVEN, WHETHER OR NOT THE REGISTERED OWNER RECEIVES SUCH NOTICE. NOTICE HAVING BEEN SO GIVEN, THE CERTIFICATES CALLED FOR REDEMPTION SHALL BECOME DUE AND PAYABLE ON THE SPECIFIED REDEMPTION DATE, AND NOTWITHSTANDING THAT ANY CERTIFICATE OR PORTION THEREOF HAS NOT BEEN SURRENDERED FOR PAYMENT, INTEREST ON SUCH CERTIFICATE OR PORTION THEREOF SHALL CEASE TO ACCRUE.

With respect to any optional redemption of the Certificates, unless moneys sufficient to pay the principal of and premium, if any, and interest on the Certificates to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice may state that said redemption may, at the option of the City, be conditional upon the receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon the satisfaction of any prerequisites set forth in such notice of redemption; and, if sufficient moneys are not received, such notice shall be of no force and

effect, the City shall not redeem such Certificate and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Certificates have not been redeemed.

DEFEASANCE . . . The Ordinance provides for the defeasance of the Certificates when the payment of the principal of and premium, if any, on the Certificates, plus interest thereon to the due date thereof (whether such due date be by reason of maturity, redemption, or otherwise), is provided by irrevocably depositing with a paying agent or other authorized escrow agent, in trust (1) money sufficient to make such payment or (2) Government Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times to insure the availability, without reinvestment, of sufficient money, together with monies deposited therewith, if any, to make such payment. The Ordinance provides that "Government Securities" means (a) direct, noncallable obligations of the United States of America, including obligations the principal and interest on which are unconditionally guaranteed by the United States of America, (b) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that are rated, on the date of their acquisition or purchase by the City, as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, (c) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that are rated, on the date of their acquisition or purchase by the City, as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (d) any other then authorized securities or obligations that may be used to defease obligations such as the Certificates under the then applicable laws of the State of Texas. Upon making such deposit in the manner described, such defeased obligations shall no longer be deemed outstanding obligations secured by the Ordinance, but will be payable only from the funds and Government Securities deposited into escrow and will not be considered debt of the City for purposes of taxation or applying any limitation on the City's ability to issue debt for any other purpose. If any of such Certificates are to be redeemed prior to their dates of maturity, provision must have been made for giving notice of redemption as provided in the Certificates.

Upon such deposit as described above, such Certificates shall no longer be regarded to be outstanding or unpaid. After firm banking and financial arrangements for the discharge and final payment or redemption of the Certificates have been made as described above, all rights of the City to initiate proceedings to call the Certificates for redemption, or take any other action amending the terms of the Certificates, are extinguished; provided, however, that the right to call the Certificates for redemption is not extinguished if the City: (i) in the proceedings providing for firm banking and financial arrangements, expressly reserves the right to call the Certificates for redemption; (ii) gives notice of the reservation of that right to the owners of the Certificates immediately following the making of the firm banking and financial arrangements, and (iii) directs that notice of the reservation be included in any redemption notices that it authorizes.

BOOK-ENTRY-ONLY SYSTEM . . . This section describes how ownership of the Certificates is to be transferred and how the principal of, premium, if any, and interest on the Certificates are to be paid to and credited by DTC while the Certificates are registered in its nominee name. The information in this section concerning DTC and the Book-Entry-Only System has been provided by DTC for use in disclosure documents such as this Official Statement. The City believes the source of such information to be reliable, but takes no responsibility for the accuracy or completeness thereof.

The City and the Underwriters cannot and do not give any assurance that (1) DTC will distribute payments of debt service on the Certificates, or redemption or other notices, to DTC Participants, (2) DTC Participants or others will distribute debt service payments paid to DTC or its nominee (as the registered owner of the Certificates), or redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis, or (3) DTC will serve and act in the manner described in this Official Statement. The current rules applicable to DTC are on file with the United States Securities and Exchange Commission (the "SEC"), and the current procedures of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity of the Certificates in the aggregate principal amount of each such maturity and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants").

DTC has a Standard & Poor's rating of: AA+. The DTC Rules applicable to its Participants are on file with the SEC. More information about DTC can be found at www.dtcc.com.

Purchases of Certificates under the DTC system must be made by or through DTC Participants, which will receive a credit for such purchases on DTC's records. The ownership interest of each actual purchaser of Certificates ("Beneficial Owner") is in turn to be recorded on the Direct or Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. **Beneficial Owners will not receive certificates representing their ownership interests in the Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.**

To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices relating to the Certificates shall be sent to DTC. If less than all of the Certificates within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the Record Date (hereinafter defined). The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Certificates are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent/Registrar on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Paying Agent/Registrar or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent/Registrar, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Certificates at any time by giving reasonable notice to the City or the Paying Agent/Registrar. Under such circumstances, in the event that a successor securities depository is not obtained, Certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, Certificates will be printed and delivered.

So long as Cede & Co. is the registered owner of the Certificates, the City will have no obligation or responsibility to the Direct Participants or Indirect Participants, or the persons for which they act as nominees, with respect to the payment to or providing of notice to such Direct Participants, Indirect Participants or the persons for which they act as nominees.

Use of Certain Terms in Other Sections of this Official Statement. In reading this Official Statement it should be understood that while the Certificates are in the Book-Entry-Only System, references in other sections of this Official Statement to registered

owners should be read to include the person for which the Participant acquires an interest in the Certificates, but (i) all rights of ownership must be exercised through DTC and the Book-Entry-Only System, and (ii) except as described above, notices that are to be given to registered owners under the applicable Ordinance will be given only to DTC.

Information concerning DTC and the Book-Entry System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by the City, the Financial Advisor or the Underwriters.

PAYING AGENT/REGISTRAR. . . The initial Paying Agent/Registrar for the Certificates is U.S. Bank National Association, Dallas, Texas. In the Ordinance, the City retains the right to replace the Paying Agent/Registrar. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Certificates are duly paid and any successor Paying Agent/Registrar shall be a commercial bank, trust company, financial institution or other entity duly qualified and legally authorized to serve as and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Certificates, the City agrees to promptly cause a written notice thereof to be sent to each registered owner of such Certificates by United States mail, first class, postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Principal of the Certificates will be payable to the registered owner at maturity or prior redemption upon presentation at the principal office of the Paying Agent/Registrar. Interest on the Certificates shall be paid to the registered owners appearing on the registration books of the Paying Agent/Registrar at the close of business on the Record Date (see "THE CERTIFICATES - Record Date for Interest Payment" herein), and such interest shall be paid (i) by check sent by United States Mail, first class postage prepaid to the address of the registered owner recorded in the registration books of the Paying Agent/Registrar, or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. If the date for the payment of the principal of or interest on the Certificates shall be a Saturday, Sunday, legal holiday or day when banking institutions in the city where the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a Saturday, Sunday, legal holiday or day when banking institutions 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. So long as Cede & Co. is the registered owner of the Certificates, payments of principal and interest on the Certificates will be made as described in "THE CERTIFICATES - Book-Entry-Only System" herein.

TRANSFER, EXCHANGE AND REGISTRATION. . . In the event the Book-Entry-Only System should be discontinued, printed certificates will be delivered to the registered owners of the Certificates and thereafter the Certificates may be transferred and exchanged on the registration books of the Paying Agent/Registrar only upon presentation and surrender of such printed certificates to the Paying Agent/Registrar and such transfer or exchange shall be without expense or service charge to the registered owner, except for any tax or other governmental charges required to be paid with respect to such registration, exchange and transfer. Certificates may be assigned by the execution of an assignment form on the respective Certificates or by other instrument of transfer and assignment acceptable to the Paying Agent/Registrar. New Certificates will be delivered by the Paying Agent/Registrar, in lieu of the Certificates being transferred or exchanged, at the principal office of the Paying Agent/Registrar, or sent by United States mail, first class, postage prepaid, to the new registered owner or his designee. To the extent possible, new Certificates issued in an exchange or transfer of Certificates will be delivered to the registered owner or assignee of the registered owner in not more than three business days after the receipt of the Certificates to be canceled, and the written instrument of transfer or request for exchange duly executed by the registered owner or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar. New Certificates registered and delivered in an exchange or transfer shall be in denominations of \$5,000 or integral multiples thereof for any one maturity and for a like aggregate principal amount as the Certificates surrendered for exchange or transfer. See "THE CERTIFICATES - Book-Entry-Only System" for a description of the system to be utilized initially in regard to ownership and transferability of the Certificates. Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificates called for redemption, in whole or in part, within 45 days of the date fixed for redemption; provided, however, such limitation on transfer shall not be applicable to an exchange by the registered owner of the uncalled balance of a Certificate.

RECORD DATE FOR INTEREST PAYMENT. . . The record date (the "Record Date") for the interest payable on the Certificates on any interest payment date means the close of business on the fifteenth (15th) day of the month next proceeding.

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

MUTILATED, DESTROYED, LOST AND STOLEN CERTIFICATES. . . If any Certificate is mutilated, destroyed, stolen or lost, a new Certificate in the same principal amount as the Certificate so mutilated, destroyed, stolen or lost will be issued. In the case of a mutilated Certificate, such new Certificate will be delivered only upon surrender and cancellation of such mutilated Certificate. In the case of any Certificate issued in lieu of and substitution for any Certificate which has been destroyed, stolen or lost, such new Certificate will be delivered only (a) upon filing with the City and the Paying Agent/Registrar a certificate to the effect that such Certificate has been destroyed, stolen or lost and proof of ownership thereof, and (b) upon furnishing the Paying Agent/Registrar

with indemnity satisfactory to hold the City and the Paying Agent/Registrar harmless. The person requesting the authentication and delivery of a new Certificate must pay such expenses as the Paying Agent/Registrar may incur in connection therewith.

CERTIFICATEHOLDERS' REMEDIES. . . The Ordinance does not specify events of default with respect to the Certificates. If the City defaults in the payment of principal, interest or redemption price on the Certificates when due, or if it fails to make payments into any fund or funds created in the Ordinance, or defaults in the observation or performance of any other covenants, conditions or obligations set forth in the Ordinance, the registered owners may seek a writ of mandamus to compel City officials to carry out their legally imposed duties with respect to the Certificates if there is no other available remedy at law to compel performance of the Certificates or the Certificates and the City's obligations are not uncertain or disputed. The issuance of a writ of mandamus is controlled by equitable principles and rests with the discretion of the court, but may not be arbitrarily refused. There is no acceleration of maturity of the Certificates in the event of default and, consequently, the remedy of mandamus may have to be relied upon from year to year. The Certificates do not provide for the appointment of a trustee to represent the interest of the holders of the Certificates upon any failure of the City to perform in accordance with the terms of the Ordinance, or upon any other condition and, accordingly, all legal actions to enforce such remedies would have to be undertaken at the initiative of, and be financed by, the registered owners. The Texas Supreme Court has ruled in *Tooke v. City of Mexia*, 197 S.W. 3d 325 (Tex. 2006) that a waiver of sovereign immunity in a contractual dispute must be provided for by statute in "clear and unambiguous" language. Because it is unclear whether the Texas legislature has effectively waived the City's sovereign immunity from a suit for money damages, holders of the Certificates may not be able to bring such a suit against the City for breach of the Certificates or the Ordinance covenants. Even if a judgment against the City could be obtained, it could not be enforced by direct levy and execution against the City's property. Further, the registered owners cannot themselves foreclose on property within the City or sell property within the City to enforce the tax lien on taxable property to pay the principal of and interest on the Certificates. Furthermore, the City is eligible to seek relief from its creditors under Chapter 9 of the U.S. Bankruptcy Code ("Chapter 9"). Although Chapter 9 provides for the recognition of a security interest represented by a specifically pledged source of revenues, the pledge of ad valorem taxes in support of a general obligation of a bankrupt entity is not specifically recognized as a security interest under Chapter 9. Chapter 9 also includes an automatic stay provision that would prohibit, without Bankruptcy Court approval, the prosecution of any other legal action by creditors or holders of the Certificates of an entity which has sought protection under Chapter 9. Therefore, should the City avail itself of Chapter 9 protection from creditors, the ability to enforce would be subject to the approval of the Bankruptcy Court (which could require that the action be heard in Bankruptcy Court instead of other federal or state court); and the Bankruptcy Code provides for broad discretionary powers of a Bankruptcy Court in administering any proceeding brought before it. The opinion of Bond Counsel will note that all opinions relative to the enforceability of the Ordinance and the Certificates are qualified with respect to the customary rights of debtors relative to their creditors.

AMENDMENTS . . . The City may amend the Ordinance without the consent of or notice to any registered owner in any manner not detrimental to the interest of the registered owners, including the curing of any ambiguity, inconsistency, formal defect, or omission therein. In addition, the City may, with the written consent of the holders of a majority in aggregate principal amount of the Certificates then outstanding and affected thereby, amend, add to, or rescind any of the provisions of the Ordinance; except that, without the consent of the registered owners of all of the Certificates then outstanding, no such amendment, addition, or rescission may (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Certificates, reduce the principal amount thereof, the redemption price, therefor, or the rate of interest thereon, or in any other way modify the terms of the payment of the principal of, premium, if any, or interest on the Certificates; (2) give any preference to any Certificate over any other Certificate, or (3) reduce the aggregate principal amount of the Certificates required to be held by the registered owners for consent to any such amendment, addition, or rescission.

TAX INFORMATION

AD VALOREM TAX LAW. . . The appraisal of property within the City is the responsibility of the Collin Central Appraisal District and the Denton Central Appraisal District (collectively, the "Appraisal District"). Excluding agricultural and open-space land, which may be taxed on the basis of productive capacity, the Appraisal District is required under Title I of the Texas Tax Code (the "Property Tax Code") to appraise all property within the Appraisal District on the basis of 100% of its market value and is prohibited from applying any assessment ratios. In determining market value of property, different methods of appraisal may be used including the cost method of appraisal, the income method of appraisal and the market data comparison method of appraisal, and the method considered most appropriate by the chief appraiser is to be used. State law requires the appraised value of a residence homestead to be based solely on the property's value as a residence homestead regardless of whether residential use is considered to be the highest and best use of the property. State law further limits the appraised value of a residence homestead for a tax year to an amount that would not exceed the lesser of (1) the property's market value in the most recent tax year in which the market value was determined by the appraisal district or (2) the sum of (a) 10% of the property's appraised value in the preceding tax year, plus (b) the property's appraised value the preceding tax year, plus (c) the market value of all new improvements to the property. The value placed upon property by the Appraisal District is subject to review by the Appraisal Review Board, consisting of members appointed by the Board of Directors of the Appraisal District. The Appraisal District is required to review the value of property within the Appraisal District at least every three years. The City may require annual review at its own expense, and is entitled to challenge the determination of appraised value of property within the City by petition filed with the Appraisal Review Board.

Reference is made to the Property Tax Code for identification of property subject to taxation; property exempt or which may be

exempted from taxation, if claimed; the appraisal of property for ad valorem taxation purposes; and the procedures and limitations applicable to the levy and collection of ad valorem taxes.

Article VIII of the State Constitution ("Article VIII") and State law provide for certain exemptions from property taxes, the valuation of agricultural and open-space lands at productivity value, and the exemption of certain personal property from ad valorem taxation.

Under Section 1-b, Article VIII, and State law, the governing body of a political subdivision, at its option, may grant either or both of the following exemption of not less than \$3,000 of the market value of the residence homestead of persons 65 years of age or older and the disabled from all ad valorem taxes thereafter levied by the political subdivision. Once authorized, such exemption may be repealed or decreased or increased in amount (i) by the governing body of the political subdivision or (ii) by a favorable vote of a majority of the qualified voters at an election called by the governing body of the political subdivision, which election must be called upon receipt of a petition signed by at least 20% of the number of qualified voters who voted in the preceding election of the political subdivision. In the case of a decrease, the amount of the exemption may not be reduced to less than \$3,000 of the market value.

The surviving spouse of an individual who qualifies for the foregoing exemption for the residence homestead of a person 65 or older (but not the disabled) is entitled to an exemption for the same property in an amount equal to that of the exemption for which the deceased spouse qualified if (i) the deceased spouse died in a year in which the deceased spouse qualified for the exemption, (ii) the surviving spouse was at least 55 years of age at the time of the death of the individual's spouse and (iii) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

In addition to any other exemptions provided by the Property Tax Code, the governing body of a political subdivision, at its option, may grant an exemption of up to 20% of the market value of residence homesteads, with a minimum exemption of \$5,000.

In the case of residence homestead exemptions granted under Section 1-b, Article VIII, ad valorem taxes may continue to be levied against the value of homesteads exempted where ad valorem taxes have been previously pledged for the payment of debt if cessation of the levy would impair the obligation of the contract by which the debt was created.

Under Article VIII and State law, the governing body of a county, municipality or junior college district, may freeze the total amount of ad valorem taxes levied on the residence homestead of a disabled person or persons 65 years of age or older to the amount of taxes imposed in the year such residence qualified for such exemption. Also, upon receipt of a petition signed by five percent of the registered voters of the county, municipality or junior college district, an election must be held to determine by majority vote whether to establish such a limitation on taxes paid on residence homesteads of persons 65 years of age or who are disabled. Upon providing for such exemption, such freeze on ad valorem taxes is transferable to a different residence homestead. Also, a surviving spouse of a taxpayer who qualifies for the freeze on ad valorem taxes is entitled to the same exemption so long as the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse and the spouse was at least 55 years of age at the time of the death of the individual's spouse. If improvements (other than maintenance, repairs or improvements required to comply with governmental requirements) are made to the property, the value of the improvements is taxed at the then current tax rate, and the total amount of taxes imposed is increased to reflect the new improvements with the new amount of taxes then serving as the ceiling on taxes for the following years. Once established, the tax rate limitation may not be repealed or rescinded.

State law and Section 2, Article VIII, mandate an additional property tax exemption for disabled veterans or the surviving spouse or children of a deceased veteran who died while on active duty in the armed forces; the exemption applies to either real or personal property with the amount of assessed valuation exempted ranging from \$5,000 to a maximum of \$12,000; provided, however, a disabled veteran who receives from the United States Department of Veterans Affairs or its successor 100 percent disability compensation due to a service-connected disability and a rating of 100 percent disabled or of individual unemployability is entitled to an exemption from taxation of the total appraised value of the veteran's residence homestead. Additionally, effective January 1, 2012, subject to certain conditions, the surviving spouse of a disabled veteran who is entitled to an exemption for the full value of the veteran's residence homestead is also entitled to an exemption from taxation of the total appraised value of the same property to which the disabled veteran's exemption applied.

Article VIII provides that eligible owners of both agricultural land (Section 1-d) and open-space land (Section 1-d-1), including open-space land devoted to farm or ranch purposes or open-space land devoted to timber production, may elect to have such property appraised for property taxation on the basis of its productive capacity. The same land may not be qualified under both Section 1-d and 1-d-1.

Nonbusiness personal property, such as automobiles or light trucks, is exempt from ad valorem taxation unless the governing body of a political subdivision elects to tax this property. Boats owned as nonbusiness property are exempt from ad valorem taxation.

Article VIII, Section 1-j, provides for "freeport property" to be exempted from ad valorem taxation. Freeport property is defined as goods detained in Texas for 175 days or less for the purpose of assembly, storage, manufacturing, processing or fabrication. Notwithstanding such exemption, counties, school districts, junior college districts and cities may tax such tangible personal

property provided official action to tax the same was taken before April 1, 1990. Decisions to continue to tax may be reversed in the future; decisions to exempt freeport property are not subject to reversal.

Article VIII, Section 1-n of the Texas Constitution provides for the exemption from taxation of "goods-in-transit." Section 11.253 of the Tax Code defines "goods-in-transit" as personal property acquired or imported into Texas and transported to another location in the State or outside of the State within 175 days of the date the property was acquired or imported into Texas. The exemption excludes oil, natural gas, petroleum products, aircraft and special inventory, including motor vehicle, vessel and out board motor, heavy equipment and manufactured housing inventory. Section 11.253 of the Tax Code permits local governmental entities, on a local option basis, to take official action by January 1 of the year preceding a tax year, after holding a public hearing, to tax goods-in-transit during the following year. A taxpayer may receive only one of the freeport exemptions or one of the goods-in-transit exemptions, but not both, for items of personal property.

A city may utilize tax increment financing ("TIF"), pursuant to the Tax Increment Financing Act, Texas Tax Code, Chapter 311, to encourage development and redevelopment within a designated reinvestment zone. Taxes collected from increases in valuation above the base value (the "captured appraised value") by each taxing unit that levies ad valorem taxes on real property in the reinvestment zone may be used to pay costs of infrastructure or other public improvements in the reinvestment zone and to supplement or act as a catalyst for private development in the defined area of the reinvestment zone. The tax increment base value for a taxing unit is the total appraised value of all real property taxable by the taxing unit and located in the reinvestment zone as of January 1 of the year in which the city created the reinvestment zone. Each taxing unit can choose to dedicate all, any portion or none of its taxes collected from the captured appraised value to the costs of improvements in the reinvestment zone. The amount of a taxing unit's tax increment for a year is the amount of property taxes levied by the taxing unit for that year on the captured appraised value of real property taxable by the taxing unit and located in the reinvestment zone, multiplied by the taxing unit's percentage level of participation. The City also may enter into tax abatement agreements to encourage economic development. Under the agreements, a property owner agrees to construct certain improvements on its property. The City in turn agrees not to levy a tax on all or part of the increased value attributable to the improvements until the expiration of the agreement. The abatement agreement could last for a period of up to 10 years.

The City is authorized, pursuant to Chapter 380, Texas Local Government Code, as amended ("Chapter 380"), to establish programs to promote state or local economic development and to stimulate business and commercial activity in the City. In accordance with a program established pursuant to Chapter 380, the City may make loans or grants of public funds for economic development purposes, however no obligations secured by ad valorem taxes may be issued for such purposes unless approved by voters of the City. The City may contract with the federal government, the State, another political subdivision, a nonprofit organization or any other entity, including private entities, for the administration of such a program.

EFFECTIVE TAX RATE AND ROLLBACK TAX RATE . . . By each September 1 or as soon thereafter as practicable, the City Council adopts a tax rate per \$100 taxable value for the current year. The tax rate consists of two components: (1) a rate for funding of maintenance and operation expenditure, and (2) a rate for debt service.

Under the Property Tax Code, the City must annually calculate and publicize its "effective tax rate" and "rollback tax rate". A tax rate cannot be adopted by the City Council that exceeds the lower of the rollback tax rate or the effective tax rate until two public hearings are held on the proposed tax rate following a notice of such public hearings (including the requirement that notice be posted on the City's website if the City owns, operates or controls an internet website and public notice be given by television if the City has free access to a television channel) and the City Council has otherwise complied with the legal requirements for the adoption of such tax rate. If the adopted tax rate exceeds the rollback tax rate the qualified voters of the City by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate.

"Effective tax rate" means the rate that will produce last year's total tax levy (adjusted) from this year's total taxable values (adjusted). "Adjusted" means lost values are not included in the calculation of last year's taxes and new values are not included in this year's taxable values.

"Rollback tax rate" means the rate that will produce last year's maintenance and operation tax levy (adjusted) from this year's values (adjusted) multiplied by 1.08 plus a rate that will produce this year's debt service from this year's values (unadjusted) divided by the anticipated tax collection rate.

The Property Tax Code provides that certain cities and counties in the State may submit a proposition to the voters to authorize an additional one-half cent sales tax on retail sales of taxable items. If the additional tax is levied, the effective tax rate and the rollback tax rate calculations are required to be offset by the revenue that will be generated by the sales tax in the current year. Reference is made to the Property Tax Code for definitive requirements for the levy and collection of ad valorem taxes and the calculation of the various defined tax rates.

PROPERTY ASSESSMENT AND TAX PAYMENT. . . Property within the City is generally assessed as of January 1 of each year. Business inventory may, at the option of the taxpayer, be assessed as of September 1. Effective January 1, 2012, oil and gas reserves are assessed on the basis of a valuation process which uses pricing information contained in the most recently published Early Release Overview of the Annual Energy Outlook published by the United States Energy Information Administration, as well

as appraisal formulas developed by the State Comptroller of Public Accounts. Taxes become due October 1 of the same year, and become delinquent on February 1 of the following year. Taxpayers 65 years old or older are permitted by State law to pay taxes on homesteads in four installments with the first due on February 1 of each year and the final installment due on August 1. The Property Tax Code also makes provision for the split payment of taxes, discounts for early payment and the postponement of the delinquency date of taxes under certain circumstances.

PENALTIES AND INTEREST . . . Charges for penalty and interest on the unpaid balance of delinquent taxes are made as follows:

Month	Cumulative Penalty	Cumulative Interest ⁽¹⁾	Total
February	6%	1%	7%
March	7	2	9
April	8	3	11
May	9	4	13
June	10	5	15
July	12	6	18

(1) Interest continues to accrue after July 1 at the rate of 1% per month until paid.

After July, penalty remains at 12%, and interest increases at the rate of one-percent (1%) for each month or portion of a month the tax remains unpaid. A delinquent tax continues to incur interest as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered. The purpose of imposing such interest is to compensate the taxing unit for revenue lost because of the delinquency. In addition, if an account is delinquent in July, an attorney's collection fee of up to 20% may be added to the total tax penalty and interest charge. Under certain circumstances, taxes which become delinquent on the homestead of a taxpayer 65 years old or older incur a penalty of 8% per annum with no additional penalties or interest assessed. In general, property subject to the City's lien may be sold, in whole or in parcels, pursuant to court order to collect the amounts due. Federal law does not allow for the collection of penalty and interest against an estate in bankruptcy. Federal bankruptcy law provides that an automatic stay of action by creditors and other entities, including governmental units, goes into effect with the filing of any petition in bankruptcy. The automatic stay prevents governmental units from foreclosing on property and prevents liens for post-petition taxes from attaching to property and obtaining secured creditor status unless, in either case, an order lifting the stay is obtained from the bankruptcy court. In many cases post-petition taxes are paid as an administrative expense of the estate in bankruptcy or by order of the bankruptcy court.

CITY APPLICATION OF TAX CODE . . . The City grants an exemption of \$5,000 to the market value of the residence homestead of persons 65 years of age or older and the disabled.

The City has not granted an additional exemption of 20% of the market value of residence homesteads.

See Table 1 for a listing of the amounts of the exemptions described above.

Ad valorem taxes are not levied by the City against the exempt value of residence homesteads for the payment of debt.

The City has not adopted the tax freeze for citizens who are disabled or are 65 years of age or older, which became a local option and subject to local referendum on January 1, 2004.

The City does not tax "non-business" leased vehicles; and Collin County Tax Collector collects taxes for the City.

The City does not permit split payments of taxes, and discounts for early payment of taxes are not allowed.

The City does not tax Freeport property.

The City does not tax "goods-in-transit".

The City does participate in a Tax Increment Reinvestment Zone.

The City has adopted a tax abatement policy, and reviews applications for abatements on a case by case basis and currently has no abatement agreements in effect.

ECONOMIC DEVELOPMENT INITIATIVES

The City of Celina is located within Collin County, which is rapidly developing county in the State of Texas. The growing population directly influences the local housing industry and commercial properties, and ultimately the City's property tax base, sales tax revenues, franchise fees, permits and licenses, and other revenues of the City. Additionally, the City encompasses a vast area of raw land that makes it attractive to residential developers. The City has implemented various means to manage and continue this growth while maintaining a stable property tax rate.

The City has created several public improvement districts, which are briefly described below. The City established the public improvement districts to undertake improvement projects that confer a special benefit on property located within the particular public improvement district, whether located within the City limits or the City's extraterritorial jurisdiction. The City may levy and collect special assessments on property in the particular public improvement district based on the benefit conferred by an improvement project to pay all or part of its cost. To the extent bonds have been issued to finance such public improvements, detailed information on these developments may be obtained from the City or from disclosure documents for such bonds filed at www.enma.msrb.org.

Creeks of Legacy Public Improvement District

The Creeks of Legacy Public Improvement District ("Creeks PID") was created by the City on April 29, 2014 and is an approximately 322 acre master planned project located within the City limits on the corner of Legacy and Frontier Parkway. The Creeks PID is located in a fast growing development area situated directly between the City and the City of Prosper. The Creeks PID is expected to be developed in approximately three phases over a 7 year period and is expected to include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the Creeks PID is expected to have approximately 1,021 single family homes.

In July 2014, the City issued \$15,325,000 in bonds secured by the special assessments levied on property within the Creeks PID to commence development of roadway, water, wastewater and drainage improvements. The bonds are not a debt of the general credit or taxing power of the City and are secured only by special assessments levied within the Creeks PID as described above.

On May 22, 2014, the City created a tax increment reinvestment zone to overlay the Creeks PID ("Creeks TIRZ") and the Creeks TIRZ is coterminous with the boundaries of the Creeks PID. The tax increment base of Creeks TIRZ is the total taxable value of all real property taxable by the City located in the Creeks TIRZ as of January 1, 2014 (the "Tax Increment Base"). To pay a portion of debt service on bonds issued for improvements in the Creeks PID, the City has agreed to set aside an amount equal to 47.63% of the Tax Increment for each year, which consists of property taxes levied, assessed, and collected by the City for that year on the captured appraised value of real property taxable by City and located in the Creeks TIRZ (the "Tax Increment"); however, these funds are not pledged to the bonds issued to construct improvements for the Creeks PID. The "captured appraised value" of real property for a year is the total appraised value of all real property taxable by the City and located in the Creeks TIRZ for that year less the Tax Increment Base. Currently, there are no other taxing units participating in the Creeks TIRZ. The term of the Creeks TIRZ is the earlier of 27 years from the date the Creeks TIRZ was created or when the amount of Tax Increment revenue collected and transferred by the City to pay the costs of improvements equals \$22,218,846.

The Lakes at Mustang Ranch Public Improvement District

The Lakes at Mustang Ranch Public Improvement District ("Lakes PID") was created by the City on March 10, 2008 and is an approximately 682 acre master planned community located within the City limits and situated in the northwest quadrant of the intersection of FM 2478 and FM 1461. The Lakes PID is located in a rapidly growing area in the southeastern quadrant of the City and is located approximately two miles east of Preston Road and approximately three miles north of US 380, and just north of the City of Prosper. The Lakes PID is expected to be developed in approximately nine phases over an approximately 10 year period and is expected to include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the Lakes PID is expected to have approximately 1,799 single family homes.

In January 2015, the City issued \$22,150,000 in bonds, secured by the special assessments levied on property within the Lakes PID, to commence development of roadway, water, wastewater and drainage improvements. The bonds are not a debt of the general credit or taxing power of the City and are secured only by special assessments levied within the Lakes PID as described above.

The City expects to construct and install certain permanent public improvements that benefit the entire Lakes PID, including certain water, wastewater, and drainage improvements mostly outside of the boundaries of the Lakes PID but which will benefit the property within the Lakes PID. The special assessment levied on parcels within the Lakes PID includes an additional component attributable to a portion of debt service related to City general obligation debt issued in part to improvements benefitting the Lakes PID. Such additional component is not pledged to the payment of the City general obligation debt, and is reduced up to the corresponding amount of ad valorem taxes paid by owners of the property in the Lakes PID each year pursuant to a 380 Grant Agreement between the City, the developer of the Lakes PID and the developer of the Parks PID.

The Parks at Wilson Public Improvement District

The Parks at Wilson Public Improvement District ("Parks PID") was created by the City on November 11, 2014 and is an approximately 540 acre master planned community located in the City's extra territorial jurisdiction southeast of the City. The Parks PID is located in a development area situated between the City and the City of Prosper. The Parks PID is expected to be developed in approximately nine phases and is expected to include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the Parks PID is expected to have approximately 1,874 single family homes. To date, no bonds have been issued to fund projects within the Parks PID. The City has, however, levied a special assessment on property within the Parks PID consisting of the portion of debt service related to City general obligation debt issued relating to improvements benefitting the Parks PID. Such assessment is not pledged to the payment of the City general obligation debt, and is reduced up to the corresponding amount of ad valorem taxes paid by owners of the property in the Parks PID each year pursuant to a 380 Grant Agreement between the City, the developer of the Lakes PID and the developer of the Parks PID.

380 Agreement for Parks PID and Lakes PID

Pursuant to a separate 380 Grant Agreement between the City, the developer of the Lakes PID and the developer of the Parks PID, the City has agreed to provide grant payments from lawfully available funds in each of the years 2021, 2022 and 2023 to each developer for completion of homes within the Lakes PID and the Parks PID. Such grant payments will be determined based on the number of homes completed in the respective PID by July 25th of 2020, 2021 and 2022 and will be apportioned to the developer based on a fixed percentage.

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TABLE 1 — ASSESSED VALUATION AND EXEMPTIONS

2015/2016 Market Valuation Established by the Collin Central Appraisal District (excludes totally exempt property)		\$ 1,083,165,611
Less Exemptions/Reductions at 100% Market Value:		
Local Over 65/Disabled Homestead Exemption	9,595,508	
Disabled/Deceased Veterans	3,204,337	
Freeport Property	-	
Agricultural Productivity Value Loss	399,700,166	
10% Value Cap Loss	8,932,624	
Other (Pollution Control)	62,884	421,495,519
2015/2016 Taxable Assessed Valuation		<u>\$ 661,670,092</u>
General Obligation Debt Principal Outstanding (As of 11/1/2015)		
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2004	\$ 1,395,000	
Tax & Waterworks & Sewer System Revenue Certificates of Obligation, Series 2007 (TWDB)	910,000	
General Obligation Refunding Bonds, Series 2007	1,645,000	
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2011	1,285,000	
General Obligation Refunding Bonds, Series 2012	3,470,000	
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2012	4,180,000	
General Obligation Refunding Bonds, Series 2013	4,050,000	
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2013	5,290,000	
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014	5,305,000	
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A	1,645,000	
Total Gross General Obligation Debt Outstanding		<u>\$ 29,175,000</u>
Plus:		
The Certificates		<u>\$ 15,280,000</u>
Less: Self-Supporting General Obligation Debt Principal ⁽¹⁾		
Tax & Waterworks & Sewer System Surplus Revenue Certificates of Obligation, Series 2004 (W&S)	\$ 293,684	
Tax & Waterworks & Sewer System Revenue Certificates of Obligation, Series 2007 (TWDB) (W&S)	910,000	
General Obligation Refunding Bonds, Series 2007 (W&S)	1,188,677	
General Obligation Refunding Bonds, Series 2012 (W&S)	3,370,000	
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2012 (W&S)	635,000	
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014 (W&S)	2,315,000	
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A (PID)	440,000	
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A (W&S)	1,205,000	
The Certificates (PID)	3,710,000	
The Certificates (W&S)	9,310,000	
Total Self-Supporting General Obligation Debt Principal		<u>\$ 23,377,361</u>
Total Net General Obligation Debt Principal Outstanding:		<u>\$ 21,077,639</u>
General Obligation Interest and Sinking Fund Balance as August 1, 2015		\$ 1,188,677
Ratio of Gross General Obligation Debt Principal to 2015 Certified Net Taxable Assessed Valuation		4.41%
Ratio of Net General Obligation Debt Principal to 2015 Certified Net Taxable Assessed Valuation		3.19%
2015 Certified Net Taxable Assessed Valuation		\$ 661,670,092
2015 Population (Estimate)	8,756	
Per Capita Certified Net Taxable Assessed Valuation	\$ 75,568	
Per Capita Gross General Obligation Debt Principal	\$ 3,332	
Per Capita Net General Obligation Debt Principal	\$ 2,407	

(1) Tax supported debt in the amount shown for which repayment is provided from revenues from enterprise funds of the City. The amount of self-supporting debt is based on the revenue support as shown in Tables 8 and 10. It is the City's current policy to provide these payments from enterprise fund revenues but this policy is subject to change in the future and, if changed to reduce the amount of revenue support of tax-supported debt, the City would be required to increase its debt service tax to compensate for the reduction in revenue support or to use other legally available funds to pay the principal of and interest on the debt.

TABLE 2 - TAXABLE ASSESSED VALUATIONS BY CATEGORY

Category	Taxable Appraised Value for Fiscal Year Ended September 30,					
	2016		2015		2014	
	% of Amount	% of Total	% of Amount	% of Total	% of Amount	% of Total
Real, Residential, Single-Family	\$ 518,723,878	47.89%	\$ 438,792,784	47.91%	\$ 401,786,855	48.88%
Real, Residential, Multi-Family	4,107,838	0.38%	3,851,836	0.42%	3,661,196	0.45%
Real, Vacant Lots/Tracts	20,090,554	1.85%	18,706,460	2.04%	17,892,261	2.18%
Real, Acreage (Land Only)	401,909,707	37.11%	347,903,979	37.98%	301,321,485	36.66%
Real, Farm and Ranch Improvements	42,873,683	3.96%	19,994,142	2.18%	18,327,338	2.23%
Real, Commercial	45,532,125	4.20%	39,389,591	4.30%	36,111,095	4.39%
Real, Industrial	11,718,140	1.08%	10,666,475	1.16%	10,217,974	1.24%
Real and Tangible Personal, Utilities	7,955,761	0.73%	7,889,040	0.86%	7,367,688	0.90%
Tangible Personal, Commercial	23,493,818	2.17%	19,771,132	2.16%	19,070,220	2.32%
Tangible Personal, Industrial	-	0.00%	-	0.00%	-	0.00%
Tangible Personal, Other	6,016	0.00%	3,075	0.00%	5,556	0.00%
Real Property, Inventory	6,754,091	0.62%	8,954,249	0.98%	6,247,353	0.76%
Special Inventory	-	0.00%	-	0.00%	751	0.00%
Total Appraised Value Before Exemptions	\$ 1,083,165,611	100.00%	\$ 915,922,763	100.00%	\$ 822,009,772	100.00%
Less: Total Exemptions/Reductions	421,495,519		360,373,896		312,783,753	
Taxable Assessed Value	<u>\$ 661,670,092</u>		<u>\$ 555,548,867</u>		<u>\$ 509,226,019</u>	

Category	Taxable Appraised Value for Fiscal Year Ended September 30,			
	2013		2012	
	% of Amount	% of Total	% of Amount	% of Total
Real, Residential, Single-Family	\$ 370,116,360	47.35%	\$ 356,797,179	48.56%
Real, Residential, Multi-Family	3,678,345	0.47%	3,604,153	0.49%
Real, Vacant Lots/Tracts	18,789,363	2.40%	20,166,031	2.74%
Real, Acreage (Land Only)	299,657,273	38.34%	271,684,923	36.98%
Real, Farm and Ranch Improvements	7,401,702	0.95%	6,455,316	0.88%
Real, Commercial	35,425,632	4.53%	33,171,319	4.52%
Real, Industrial	10,597,198	1.36%	10,150,525	1.38%
Real and Tangible Personal, Utilities	6,894,149	0.88%	6,536,343	0.89%
Tangible Personal, Commercial	22,961,726	2.94%	18,217,640	2.48%
Tangible Personal, Industrial	-	0.00%	-	0.00%
Tangible Personal, Other	5,556	0.00%	6,129	0.00%
Real Property, Inventory	6,109,649	0.78%	7,895,467	1.07%
Special Inventory	-	0.00%	-	0.00%
Total Appraised Value Before Exemptions	\$ 781,636,953	100.00%	\$ 734,685,025	100.00%
Less: Total Exemptions/Reductions	298,841,351		273,053,137	
Taxable Assessed Value	<u>\$ 482,795,602</u>		<u>\$ 461,631,888</u>	

Note: Valuations shown are certified taxable assessed values reported by the Appraisal District to the State Comptroller of Public Accounts. Certified values are subject to change throughout the year as contested values are resolved and the Appraisal District update records.

TABLE 3 – VALUATION AND GENERAL OBLIGATION DEBT HISTORY

Fiscal Year Ended 9/30	Estimated Population ⁽¹⁾	Taxable Assessed Valuation ⁽²⁾	Net G.O. Tax Debt Outstanding at End of Year ⁽³⁾	Taxable Assessed Valuation Per Capita	Ratio of G.O. Tax Debt to Taxable Assessed Valuation	G.O. Tax Debt Per Capita
2011	6,780	\$ 454,073,487	\$ 8,138,013	\$ 66,975	1.79%	\$ 1,200
2012	7,625	461,631,888	11,796,363	60,539	2.56%	1,547
2013	8,576	482,795,602	16,894,370	56,296	3.50%	1,970
2014	8,600	509,226,019	19,483,778	59,212	3.83%	2,266
2015	8,756	555,548,867	18,817,640	63,448	3.39%	2,149
2016	8,756	661,670,092	20,236,515 ⁽⁴⁾	75,568	3.06%	2,311

(1) Provided by City staff.

(2) As reported by the Appraisal District on the City's annual State Property Tax Board Reports; subject to change during the ensuing year.

(3) Excludes self-supporting debt. See Table 10 – Computation of Self-Supporting Debt.

(4) Projected, subject to change.

TABLE 4 – TAX RATE, LEVY AND COLLECTION HISTORY

Fiscal Year Ended 9/30	Tax Rate	General Fund	Interest and Sinking Fund	Tax Levy	% Current Collections	% Total Collections
2011	\$ 0.6450	\$ 0.5849	\$ 0.0601	\$ 2,926,019	99.47%	102.73%
2012	0.6450	0.5652	0.0798	2,977,526	99.60%	102.79%
2013	0.6450	0.4755	0.1695	3,114,032	99.56%	101.30%
2014	0.6450	0.4616	0.1834	3,284,508	99.70%	101.67%
2015	0.6450	0.4327	0.2123	3,583,290	99.70% ⁽¹⁾	103.25% ⁽¹⁾

(1) Partial year collections as of August, 2015.

TABLE 5 - TEN LARGEST TAXPAYERS⁽¹⁾

Name of Taxpayer	Nature of Property	2014/2015 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
DR Horton - Texas LTD	Real Estate	\$ 6,706,619	1.21%
Chemtrade Sulfate Chemicals Inc.	Manufacturing	5,037,841	0.91%
Celina Town Center	Government	4,705,757	0.85%
TXI Operations LP	Manufacturing	4,023,378	0.72%
Brookshire Grocery Company	Retail	3,741,435	0.67%
SRB Partners LLC	Retail	3,739,743	0.67%
J Evans Family Ptrs - Prosper LLC	Storage Facility	3,495,789	0.63%
Texas Star Bank	Banking	3,297,976	0.59%
Bobcat Crossing LTD	Real Estate	3,202,268	0.58%
Burlington Northern Santa Fe RR Co.	Rail Road	3,197,510	0.58%
		<u>\$ 41,148,316</u>	<u>7.41%</u>

(1) 2015/2016 Top Taxpayers Not available from the appraisal district at this time.

GENERAL OBLIGATION DEBT LIMITATION. . . No general obligation debt limitation is imposed on the City under current State law or the City's Home Rule Charter (see "THE CERTIFICATES - Tax Rate Limitation").

TABLE 6 - TAX ADEQUACY ⁽¹⁾

Net Principal and Interest Requirements for Fiscal Year 2016	\$	1,395,149
\$0.2141 Tax Rate at 98.5% Collection Produces	\$	1,395,386
Average Net Annual Principal and Interest Requirements, 2016-2035	\$	1,354,841
\$0.2079 Tax Rate at 98.5% Collection Produces	\$	1,354,978
Maximum Net Principal and Interest Requirements, 2030	\$	1,522,669
\$0.2337 Tax Rate at 98.5% Collection Produces	\$	1,523,128

(1) Excludes self-supporting debt and accounts for budgeted transfers from the City's development corporations. (See Table 8 - Pro-Forma General Obligation Debt Service Requirements.)

TABLE 7 - ESTIMATED OVERLAPPING DEBT

Expenditures of the various taxing entities within the territory of the City are paid out of ad valorem taxes levied by such entities on properties within the City. Such entities are independent of the City and may incur borrowings to finance their expenditures. This statement of direct and estimated overlapping ad valorem tax debt ("Tax Debt") was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information, and no person should rely upon such information as being accurate or complete. Furthermore, certain of the entities listed may have issued additional Tax Debt since the date hereof, and such entities may have programs requiring the issuance of substantial amounts of additional Tax Debt, the amount of which cannot be determined. The following table reflects the estimated share of overlapping Tax Debt of the City.

Taxing Jurisdiction	2015/2016 Taxable Assessed Valuation	(1) 2014/2015 Tax Rate	(1) G.O. Debt 11/1/2015	Estimated Percent Applicable	(1) Overlapping G.O. Debt as of 11/1/2015
City of Celina	\$ 661,670,092	\$ 0.6450	\$ 44,455,000 ⁽²⁾	100.00%	\$ 44,455,000
Celina ISD	865,557,399	1.6400	55,127,633	80.68%	44,476,974
Collin County	96,807,570,324	0.2250	402,795,000	0.61%	2,457,050
Collin County CCD	99,683,935,220	0.0820	31,600,000	0.61%	192,760
Prosper ISD	3,832,856,624	1.6700	278,641,146	3.87%	10,783,412
Total Direct and Overlapping Debt					\$ 102,365,196
Ratio of Direct and Overlapping Debt to City's Taxable Assessed Valuation					15.47%
Per Capital Overlapping GO Debt					\$ 11,902.93

(1) As reported by the Appraisal Districts and the Municipal Advisory Council of Texas.

(2) Includes self-supporting debt and the Certificates.

DEBT INFORMATION

TABLE 8—GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS

Fiscal Year Ending 30-Sep	Outstanding Debt Service			The Certificates ⁽¹⁾			Total General Obligation Debt Service	Less: W&S Net Revs Supported Debt Service ⁽²⁾	Less: PID Assessments Supported Debt Service ⁽³⁾	Less: Budgeted Transfers from Celina CDC & EDC ⁽⁴⁾	Net General Obligation Debt Service	% of Principal Retired
	Principal	Interest	Total D/S	Principal	Interest	Total D/S						
2016	\$ 1,600,000	\$ 997,299	\$ 2,597,299	\$ 90,000	\$ 575,300	\$ 665,300	\$ 3,262,599	\$ 1,538,137	\$ 159,312	\$ 170,000	\$ 1,395,149	
2017	1,660,000	925,696	2,585,696	220,000	717,325	937,325	3,523,021	1,764,597	186,185	170,000	1,402,240	
2018	1,895,000	882,779	2,777,779	355,000	712,925	1,067,925	3,845,704	1,808,152	351,185	170,000	1,516,367	
2019	1,945,000	834,378	2,779,378	355,000	705,825	1,060,825	3,840,203	1,811,241	347,528	170,000	1,511,434	
2020	2,000,000	778,613	2,778,613	370,000	696,950	1,066,950	3,845,563	1,810,379	353,313	170,000	1,511,871	23.60%
2021	2,210,000	719,308	2,929,308	225,000	687,700	912,700	3,842,008	1,811,818	348,840	170,000	1,511,349	
2022	2,060,000	655,640	2,715,640	455,000	678,700	1,133,700	3,849,340	1,814,034	352,718	170,000	1,512,589	
2023	2,120,000	591,853	2,711,853	470,000	660,500	1,130,500	3,842,353	1,810,567	346,195	170,000	1,515,591	
2024	1,750,000	526,068	2,276,068	720,000	637,000	1,357,000	3,633,068	1,598,360	348,473	170,000	1,516,235	
2025	1,240,000	465,080	1,705,080	850,000	601,000	1,451,000	3,156,080	1,118,871	350,250	170,000	1,516,959	50.82%
2026	1,285,000	421,075	1,706,075	895,000	558,500	1,453,500	3,159,575	1,122,878	350,000	170,000	1,516,697	
2027	1,330,000	374,669	1,704,669	930,000	513,750	1,443,750	3,148,419	1,110,234	349,250	170,000	1,518,934	
2028	1,375,000	324,663	1,699,663	980,000	467,250	1,447,250	3,146,913	1,116,539	348,000	170,000	1,512,373	
2029	1,445,000	268,156	1,713,156	1,020,000	418,250	1,438,250	3,151,406	1,115,485	346,250	170,000	1,519,671	
2030	1,305,000	208,519	1,513,519	1,080,000	367,250	1,447,250	2,960,769	1,084,100	354,000	-	1,522,669	77.01%
2031	1,340,000	157,563	1,497,563	1,135,000	313,250	1,448,250	2,945,813	1,084,725	350,750	-	1,510,338	
2032	1,290,000	103,825	1,393,825	1,190,000	256,500	1,446,500	2,840,325	1,092,925	347,000	-	1,400,400	
2033	1,005,000	52,225	1,057,225	1,255,000	197,000	1,452,000	2,509,225	1,038,725	352,750	-	1,117,750	
2034	320,000	12,800	332,800	1,305,000	134,250	1,439,250	1,772,050	1,034,850	347,500	-	389,700	
2035	-	-	-	1,380,000	69,000	1,449,000	1,449,000	918,750	351,750	-	178,500	100.00%
	<u>\$ 29,175,000</u>	<u>\$ 9,300,206</u>	<u>\$ 38,475,206</u>	<u>\$ 15,280,000</u>	<u>\$ 9,968,225</u>	<u>\$ 25,248,225</u>	<u>\$ 63,723,431</u>	<u>\$ 27,605,368</u>	<u>\$ 6,641,247</u>	<u>\$ 2,380,000</u>	<u>\$ 27,096,815</u>	

(1) Net Interest Cost calculated at 3.97%.

(2) Includes the System revenue expected to be used to support a portion the Certificates. There is no pledge of the System Revenues other than the limited pledge of the Net Revenues of the System described in "THE CERTIFICATES - Security and Sources of payment." See also Table 10 - Computation of Self-Supporting Debt.

(3) Includes assessment revenue (the "Assessment Revenue") expected to be collected in certain public improvement districts within the City. Such Assessment Revenue is not pledged to the payment of the Certificates. See Table 10 - Computation of Self-Supporting Debt.

(4) Transfers from Celina Community Development Corporation and Celina Economic Development Corporation are subject to appropriation at the discretion of the respective corporation.