

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 21: 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.

SECTION 22: 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 and in Section 36 hereof. 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 23: 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 24: Sale of Certificates – Execution of Purchase Agreement - Official Statement Approval. The Certificates authorized by this Ordinance have been and are hereby sold to BOSC, Inc. and Jefferies LLC (herein referred to as the "Purchasers") in accordance with the Purchase Agreement dated September 17, 2015 (the "Purchase Agreement"), as amended by the Addendum to Purchase Agreement dated October 14, 2015 (the "Addendum"), each attached hereto as **Exhibit B** and incorporated herein by reference as a part of this Ordinance for all purposes. The execution by the Mayor or Mayor Pro Tem of the Purchase Agreement and the execution by the Director of Finance of the Addendum for and on behalf of the City and as the act and deed of this City Council is hereby authorized, directed, ratified, confirmed and approved, as applicable, and the City Council hereby finds, determines and declares that the terms of the sale are in the best interests of the City and the representations, warranties and agreements of the City contained in the Purchase Agreement and the Addendum are true and correct in all material respects and shall be honored and performed by the City.

The use of the Preliminary Official Statement by the Underwriters in connection with the public offering and sale of the Certificates is hereby ratified, confirmed and approved in all respects. The final Official Statement which reflects the terms of sale (together with such changes approved by the Mayor, Mayor Pro Tem, City Manager, Director of Finance and City Secretary, any one or more of said officials), shall be and is hereby in all respects approved and the use and distribution of said final Official Statement, dated September 17, 2015, as updated as of October 14, 2015, in the reoffering, sale and delivery of the Certificates to the public is hereby ratified, confirmed and approved. The Mayor or Mayor Pro Tem and City Secretary are further authorized to deliver for and on behalf of the City copies of said Official Statement and any updates thereto, in final form, as may be required by the Underwriters, and such final Official Statement and any updates thereto shall be deemed to be approved by the City Council and constitute the Official Statement authorized for distribution and use by the Underwriters.

SECTION 25: 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 26: 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(s) 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 27: 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 28: 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 29: Bond Counsel's Opinion. The Underwriters' obligation to accept delivery of the Certificates is subject to being furnished a final opinion of Norton Rose Fulbright US 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. An executed counterpart of said opinion shall accompany the global certificates deposited with DTC or a reproduction thereof shall be printed on the definitive Certificates in the event the book-entry-only system shall be discontinued.

SECTION 30: 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 31: 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 32: 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 33: 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 34: Effect of Headings. The Section headings herein are for convenience of reference only and shall not affect the construction hereof.

SECTION 35: 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 36: Continuing Disclosure Undertaking.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2015, financial information and operating data with respect to the City of the general type of information contained in 1 through 6, 8 through 14, 19 and 20 in the Official Statement, and (2) within twelve months after the end of each fiscal year ending in or after 2015, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's Internet Web site or filed with the SEC.

(c) Notice of Certain Events. The City shall provide notice of any of the following events with respect to the Certificates to the MSRB in a timely manner and not more than 10 business days after occurrence of the event:

- (1) Principal and interest payment delinquencies;

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

For these purposes, any event described in the immediately preceding subsection (c)12 is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

(d) Filings with the MSRB. All financial information, operating data, financial statements, notices and other documents provided to the MSRB in accordance with this Section shall be provided in an electronic format prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

(e) Limitations, Disclaimers and Amendments. The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Certificates within the meaning of

the Rule, except that the City in any event will give the notice required by subsection (c) of this Section of any Certificate calls and defeasance that cause the City to be no longer such an "obligated person."

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the Certificates; and, nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section. Except as expressly provided within this Section, the City does not undertake to provide any other information, whether or not it may be relevant or material to a complete presentation of the City's financial results, condition, or prospects; nor does the City undertake to update any information provided in accordance with this Section or otherwise. Furthermore, the City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

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

No default by the City in observing or performing its obligations under this Section shall constitute a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

Notwithstanding anything herein to the contrary, the provisions of this Section may be amended by the City from time to time to adapt to changed circumstances resulting from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (2) either (a) the Holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the Outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interests of the Holders and beneficial owners of the Certificates. The provisions of this Section may also be amended from time to time or repealed by the City if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction determines that such provisions are invalid, but only if and to the extent that reservation of the City's right to do so would not prevent underwriters of the initial public offering of the Certificates from lawfully purchasing or selling Certificates in such offering. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided pursuant to subsection (b) of this Section an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information or operating data so provided.

SECTION 37: 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 38: 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 39: 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 40: 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 41: 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.

SECTION 2: Except as hereby amended and restated, all of the provisions of Ordinance No. 2015-45 adopted on September 17, 2015, are hereby ratified, confirmed and readopted.

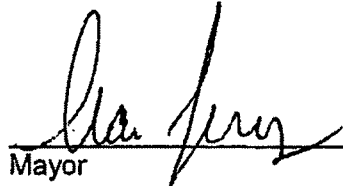
SECTION 3: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Texas Government Code, Chapter 551, as amended.

SECTION 4: 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 November 10, 2015.

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 November 10, 2015 (this "Agreement"), by and between U.S. Bank National Association, a banking association duly organized and existing under the laws of the United States of America, or its successors (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 2015" (the "Securities"), dated September 15, 2015, such Securities scheduled to be delivered to the initial purchasers thereof on or about November 13, 2015; 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.

"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:

U.S. Bank National Association
Attention: Bond Operations
111 Fillmore Avenue East
St. Paul, Minnesota 55107-1402

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. The Bank represents and warrants its office in Dallas, Texas will at all times have immediate access to the Security Register by

electronic or other means and will be capable at all times of producing a hard copy of the Security Register at its Dallas office for use by the Issuer. 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, Issuer's 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.

Section 5.08 DTC Services. It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", which establishes requirements for securities to be eligible for such type depository trust services, including, but not limited to, requirements for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

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.

U. S. BANK NATIONAL ASSOCIATION

By: _____

Title: _____

Address: 13737 Noel Road, Suite 800
Dallas, Texas 75240

CITY OF CELINA, TEXAS

By: _____
Mayor

Address: 142 North Ohio Street
Celina, Texas 75009

Attest:

City Secretary

ANNEX A



Corporate Trust Services
13737 Noel Road, Suite 800
Dallas, TX 75240

**Schedule of Fees for Services as
Paying Agent, Registrar
For**

**CITY OF CELINA, TEXAS
(Collin and Denton Counties)
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2015**

Administrative Fees Billed Annually

Paying Agent, Annual

Annual account administration fee covers the routine duties of paying agent and registrar associated with the administration of the account. Administration fees are payable in advance. **\$400 Annual**

Direct Out of Pocket Expenses

Reimbursement of expenses associated with the performance of our duties, including but not limited to publications, legal counsel after the initial close, travel expenses and filing fees. **At Cost**

Extraordinary Services

Extraordinary services are duties or responsibilities of an unusual nature, including termination, but not provided for in the governing documents or otherwise set forth in this schedule. A reasonable charge will be assessed based on the nature of the service and the responsibility involved. At our option, these charges will be billed at a flat fee or at our hourly rate then in effect. A \$300 fee will be assessed on optional redemptions

Account approval is subject to review and qualification. Fees are subject to change at our discretion and upon written notice. Fees paid in advance will not be prorated. The fees set forth above and any subsequent modifications thereof are part of your agreement. Finalization of the transaction constitutes agreement to the above fee schedule, including agreement to any subsequent changes upon proper written notice. In the event your transaction is not finalized, any related out-of-pocket expenses will be billed to you directly. Absent your written instructions to sweep or otherwise invest, all sums in your account will remain uninvested and no accrued interest or other compensation will be credited to the account. Payment of fees constitutes acceptance of the terms and conditions set forth.

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT:

To help the government fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify and record information that identifies each person who opens an account.

For a non-individual person such as a business entity, a charity, a Trust or other legal entity we will ask for documentation to verify its formation and existence as a legal entity. We may also ask to see financial statements, licenses, identification and authorization documents from individuals claiming authority to represent the entity or other relevant documentation.

Dated: September 15, 2015

EXHIBIT B
PURCHASE AGREEMENT, AS AMENDED

ADDENDUM TO PURCHASE AGREEMENT

CITY OF CELINA, TEXAS

\$15,280,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015

WHEREAS, on September 17, 2015, BOSC, Inc. (the "Representative"), acting on its own behalf and on behalf of Jefferies LLC (jointly, the "Underwriters"), entered into an agreement (the "Purchase Agreement") with the City of Celina, Texas (the "Issuer") to purchase the Issuer's \$15,280,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 (the "Certificates"); and

WHEREAS, the Issuer and Underwriters desire to enter into this Addendum to Purchase Agreement (the "Addendum") for the purposes set forth herein; and

WHEREAS, on September 17, 2015, the Issuer adopted the Ordinance (as defined in the Purchase Agreement) which authorized the issuance, sale and delivery of the Certificates to the Underwriters; and

WHEREAS, the closing and delivery of the Certificates was scheduled to occur on October 14, 2015; and

WHEREAS, the Issuer did not comply with all of the closing conditions set forth in Section 6 of the Purchase Agreement as required for closing and delivery of the Certificates to occur on October 14, 2015; and

WHEREAS, in order to (i) complete the Official Statement and provide copies to the Underwriters and (ii) comply with all of the closing conditions in the Purchase Agreement, the Issuer will adopt an ordinance (the "Amended and Restated Ordinance") ratifying and confirming the authorization of the Certificates, the sale of the Certificates to the Underwriters, and the purchase price, principal amounts, coupons and yields of the Certificates; and

WHEREAS, the Amended and Restated Ordinance shall be adopted by the City Council of the Issuer on November 10, 2015; and

WHEREAS, the Issuer and the Representative, acting on behalf of the Underwriters, hereby agree to the terms set forth below provided that the conditions set forth below and in the Purchase Agreement are satisfied on or prior to November 13, 2015;

THEREFORE, BASED UPON THE FOREGOING FACTS:

1. Pursuant to Section 5(a) of the Purchase Agreement, the Representative, on behalf of the Underwriters, and the Issuer mutually acknowledge and agree that the original closing date of October 14, 2015 shall be revised to November 13, 2015 (the "Closing"), provided that the Issuer performs all of its obligations to be performed under the Purchase Agreement and this

Addendum and delivers to the Representative, or Underwriters' Counsel, one copy of each of the documents described in Section 6(h) of the Purchase Agreement, as well as the Amended and Restated Ordinance in a form mutually acceptable to the Issuer and the Representative.

2. The Issuer and the Underwriters hereby acknowledge and agree that the date a final agreement to purchase the Certificates was entered into was September 17, 2015, and the Purchase Agreement shall remain dated September 17, 2015, and the Purchase Agreement is hereby ratified and confirmed in its entirety as of the date hereof. The provisions of the Purchase Agreement shall remain in full force and effect, except to the extent modified by this Addendum.

3. The purchase price for the Certificates shall be \$17,200,352.41 (representing the principal amount of the Certificates of \$15,280,000.00, plus an aggregate original issue premium of \$2,022,095.35, less an Underwriters' discount for the Certificates of \$101,742.94).

4. The Issuer and the Underwriters hereby acknowledge and agree that the Official Statement shall be dated September 17, 2015.

5. The Issuer hereby acknowledges that it did prepare a final Official Statement within seven (7) business days of September 17, 2015 as required by Section 3(c) of the Purchase Agreement, and that the Issuer hereby agrees to provide, within one business day of the date of this Addendum, an amended Official Statement dated September 17, 2015 in the same form and substance as the Official Statement previously delivered but reflecting the terms of this Addendum. The Representative agrees to file the amended Official Statement with the MSRB.

6. This Addendum 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.

7. The undersigned are authorized to execute this Addendum in connection with the transactions described in the Purchase Agreement and this Addendum. This Addendum shall be ratified, authorized and approved in the Amended and Restated Ordinance.

8. The term "Ordinance" in the Purchase Agreement is hereby amended to include only the Amended and Restated Ordinance. The term "Issuer Documents" in the Purchase Agreement shall remain in full force and effect except that such term is hereby amended as follows: (i) "Ordinance" shall mean the "Amended and Restated Ordinance" and (ii) "Issuer Documents" includes this Addendum. Capitalized terms used herein and not otherwise defined shall have the same meanings set forth in the Purchase Agreement.

[Remainder of page left blank intentionally]

ACCEPTED AND AGREED TO ON OCTOBER 14, 2015.

BOSC, INC.
as the Representative of the Underwriters

By: _____

Name: _____

Title: _____

CITY OF CELINA, TEXAS

By: _____

Name: _____

Title: _____

[Signature page to Addendum to Purchase Agreement

City of Celina Tax and Waterworks and Sewer System (Limited Pledge) Revenue
Certificates of Obligation, Series 2015]

1328

PURCHASE AGREEMENT

CITY OF CELINA, TEXAS

\$15,280,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015

September 17, 2015

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

Ladies and Gentlemen:

The undersigned, BOSC, Inc. (the "*Representative*"), acting on its own behalf and on behalf of Jefferies LLC (collectively with the Representative, the "*Underwriters*"), and not acting as a fiduciary or agent for you, offers to enter into the following agreement (the or this "*Agreement*") with the City of Celina, Texas (the "*Issuer*") which, upon the Issuer's written acceptance of this Agreement, will be binding upon the Issuer and upon the Underwriters. This offer is made subject to the Issuer's written acceptance hereof on or before 10:00 p.m., Central Time, on September 17, 2015, and, if not so accepted, will be subject to withdrawal by the Underwriters upon written notice delivered to the Issuer at any time prior to the acceptance hereof by the Issuer. Terms not otherwise defined in this Agreement shall have the same meanings set forth in the Ordinance (as defined herein) or in the Official Statement (as defined herein). The Representative has been duly authorized by the Underwriters to execute this Agreement and to act for the Underwriters in all capacities hereunder.

1. *Purchase and Sale of the Certificates.* Subject to the terms and conditions and in reliance upon the representations, warranties and agreements set forth herein, the Underwriters hereby agree, jointly and severally, to purchase from the Issuer, and the Issuer hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Issuer's Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 (the "*Certificates*").

Inasmuch as this purchase and sale represents a negotiated transaction, the Issuer acknowledges and agrees that (i) the transaction described in this Agreement is an arm's length transaction between the Issuer and the Underwriters; (ii) the Underwriters have financial and other interests that differ from those of the Issuer; (iii) the Underwriters are acting solely as a principal and are not acting as a financial advisor or fiduciary to the Issuer; (iv) the Underwriters have not assumed any advisory or fiduciary responsibility to the Issuer with respect to the transaction described herein and the discussions, undertakings and procedures leading thereto irrespective of whether the Underwriters have provided or are currently providing other services to the Issuer on other matters; (v) the only obligations the Underwriters have to the Issuer with respect to the transaction described herein are expressly set forth in this Agreement; and (vi) the Underwriters have provided to the Issuer prior disclosures under Rule G-17 of the Municipal Securities Rulemaking Board (the "*MSRB*"), which have been received by the Issuer. The Issuer represents

that it has consulted its own financial, municipal, legal, accounting, tax and/or other advisors, as applicable, to the extent it deemed appropriate. The Issuer recognizes that the Underwriters expect to profit from the acquisition and potential distribution of the Certificates.

The principal amount of the Certificates to be issued, the dated date therefor, the maturities, redemption provisions and interest rates per annum are set forth in Schedule I hereto. The Certificates shall be as described in, and shall be issued and secured under and pursuant to the provisions of the ordinance authorizing their issuance (the "*Ordinance*") adopted by the City Council of the Issuer on September 17, 2015.

The purchase price for the Certificates shall be \$17,215,978.46 (representing the principal amount of the Certificates of \$15,280,000.00, plus an aggregate original issue premium of \$2,037,721.40, less an Underwriters' discount for the Certificates of \$101,742.94).

Delivered to the Issuer herewith as a good faith deposit for the Certificates is a check payable to the order of the Issuer in the amount of \$162,800.00 (the "*Check*"). If the Issuer accepts this Agreement, the Check shall be held uncashed by the Issuer until the time of Closing, at which time the Check shall be returned uncashed to the Underwriter. If the Issuer does not accept this Agreement, the Check will be immediately returned to the Representative. Should the Issuer fail to deliver the Certificates at the Closing, or should the Issuer be unable to satisfy the conditions of the obligations of the Underwriters to purchase, accept delivery of and pay for the Certificates as set forth in this Agreement (unless waived by the Representative), or should such obligations of the Underwriters be terminated for any reason permitted by this Agreement, the Check shall immediately be returned to the Representative. In the event that the Underwriters fail (other than for a reason permitted herein) to purchase, accept delivery of and pay for the Certificates at the Closing as herein provided, the Check shall be cashed and the amount thereof retained by the Issuer as and for fully liquidated damages, and, except as set forth in Sections 8 and 10 hereof, no party shall have any further rights against the other hereunder. The Underwriters and the Issuer understand that in such event the Issuer's actual damages may be greater or may be less than such amount. Accordingly, the Underwriters hereby waive any right to claim that the Issuer's actual damages are less than such amount, and the Issuer's acceptance of this Agreement shall constitute a waiver of any right the Issuer may have to additional damages from the Underwriters. The Representative hereby agrees not to stop or cause payment on the Check to be stopped unless the Issuer has breached any of the terms of this Agreement or unless an event of termination has occurred as set forth in Section 7 hereof.

2. *Public Offering.* The Underwriters agree to make a bona fide public offering of all of the Certificates at prices not to exceed the public offering prices set forth on page ii of the Official Statement and may subsequently change such offering prices without any requirement of prior notice. The Underwriters may offer and sell Certificates to certain dealers (including dealers depositing Certificates into investment trusts) and others at prices lower than the public offering prices set forth page ii of the Official Statement, provided that on or before the Closing, the Underwriters shall execute and deliver to Norton Rose Fulbright US LLP ("*Bond Counsel*") an issue price certificate for the Certificates prepared by Bond Counsel, in a form acceptable to the Representative, verifying the initial offering prices to the public at which the Underwriters reasonably expected to sell or in fact sold a substantial amount of each stated maturity of the Certificates to the public.

3. *The Official Statement.*

(a) The Certificates have been offered pursuant to the Preliminary Official Statement dated September 10, 2015, including the cover page, schedules and appendices thereto, of the Issuer relating to the Certificates (the "*Preliminary Official Statement*"). The Preliminary Official Statement, as amended to reflect the information indicated on Schedule I hereto, and as it may otherwise be amended or supplemented in accordance with this Agreement is hereinafter called the "*Official Statement*."

(b) The Preliminary Official Statement has been prepared for use by the Underwriters in connection with the public offering, sale and distribution (including in an electronic format) of the Certificates. The Issuer hereby represents and warrants that the Preliminary Official Statement was deemed final by the Issuer as of its date, except for the omission of such information which is dependent upon the final pricing of the Certificates for completion, all as permitted to be excluded by Section (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934 (the "*Rule*").

(c) The Issuer hereby authorizes the Official Statement and the information therein contained to be used by the Underwriters in connection with the public offering and the sale of the Certificates. The Issuer consents to the use by the Underwriters prior to the date hereof of the Preliminary Official Statement in connection with the public offering of the Certificates. The Issuer shall provide, or cause to be provided, to the Underwriters as soon as practicable after the date of the Issuer's acceptance of this Agreement (but, in any event, not later than within seven business days after the Issuer's acceptance of this Agreement and in sufficient time to accompany any confirmation that requests payment from any customer) copies of the Official Statement which is complete as of the date of its delivery to the Underwriters. The Issuer agrees to provide, or cause to be provided, to the Underwriters the Preliminary Official Statement and the Official Statement and any amendments or supplements thereto in such printed or electronic format as may be required for the Underwriters to comply with the Rule or the rules of the Municipal Securities Rulemaking Board (the "*MSRB*"), including, without limitation, MSRB Rule G-32, and consents to the distribution of such documents in electronic format. The Issuer further agrees to provide such documents in a printed format in such quantity as the Representative shall reasonably request in order for the Underwriters to comply with the Rule and the rules of the MSRB. If, for any reason, the Issuer is unable or otherwise fails to deliver the final Official Statement to the Underwriters in compliance with this paragraph, the Issuer shall deliver the Preliminary Official Statement, including all amendments and supplements thereto, to the Underwriters in a "designated electronic format" (as defined in MSRB Rule G-32) at least one business day before the date of the Closing.

(d) If, after the date of this Agreement to and including the date the Underwriters are no longer required to provide an Official Statement to potential customers who request the same pursuant to the Rule (the earlier of (i) 90 days from the "end of the underwriting period" (as defined in the Rule) and (ii) the time when the Official Statement is available to any person from the MSRB, but in no case less than 25 days after the "end of the underwriting period" for the Certificates), the Issuer becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material

fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary to amend or supplement the Official Statement to comply with law, the Issuer will notify the Representative (and for the purposes of this clause provide the Representative with such information as it may from time to time reasonably request), and if, in the reasonable judgment of the Representative, such fact or event requires preparation and publication of a supplement or amendment to the Official Statement, the Issuer will timely prepare and furnish, at the Issuer's own expense (in a form and manner approved by the Representative), a reasonable number of copies of either amendments or supplements to the Official Statement so that the statements in the Official Statement as so amended and supplemented will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading or so that the Official Statement will comply with law. If such notification shall be subsequent to the Closing, the Issuer shall furnish such legal opinions, certificates, instruments and other documents as the Representative may deem reasonably necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement.

(e) The Representative hereby agrees to timely file the Official Statement with the MSRB. Unless otherwise notified in writing by the Representative, the Issuer can assume that the "end of the underwriting period" for purposes of the Rule is the date of the Closing.

4. *Representations, Warranties, and Covenants of the Issuer.* The Issuer hereby represents and warrants to and covenants with the Underwriters that:

(a) The Issuer is a duly organized, home rule municipality and body corporate and politic of the State of Texas (the "*State*") duly created, organized and existing under the laws of the State and its home rule charter, and has full legal right, power and authority under Chapter 1371, Texas Government Code, as amended and Subchapter C, Chapter 271, Texas Local Government Code, as amended (collectively, the "*Act*"), and at the date of the Closing will have full legal right, power and authority under the Act and the Ordinance (i) to adopt the Ordinance, which shall contain a continuing disclosure undertaking (the "*Undertaking*") as defined in Section 6(h)(3) hereof, (ii) to enter into and execute this Agreement and all documents required hereunder and thereunder to be executed and delivered by the Issuer (this Agreement and the Ordinance are hereinafter referred to as the "*Issuer Documents*"), (iii) to sell, issue and deliver the Certificates to the Underwriters as provided herein, and (iv) to carry out and consummate the transactions described in the Issuer Documents and the Official Statement, and the Issuer has complied, and will at the Closing be in compliance, in all material respects, with the terms of the Act and the Issuer Documents as they pertain to such transactions;

(b) By all necessary official action of the Issuer prior to or concurrently with the acceptance hereof, the Issuer has duly authorized all necessary action to be taken by it for (i) the adoption of the Ordinance and the issuance and sale of the Certificates, (ii) the approval of the Official Statement, (iii) the approval, execution and delivery of, and the performance by the Issuer of the obligations on its part, contained in the Certificates and the Issuer Documents and (iv) the consummation by it of all other transactions described in the Official Statement, the Issuer Documents and any and all such other agreements and

documents as may be required to be executed, delivered or received by the Issuer in order to carry out, give effect to, and consummate the transactions described herein and in the Official Statement;

(c) The Certificates, when issued, delivered and paid for, in accordance with the Act and the Ordinance and this Agreement, will constitute legal, valid and binding obligations of the Issuer entitled to the benefits of the Ordinance and will be enforceable in accordance with their terms, subject to principles of sovereign immunity of political subdivisions, bankruptcy, insolvency, reorganization, moratorium and other similar laws and principles of equity relating to or affecting the enforcement of creditors' rights; upon the issuance, authentication and delivery of the Certificates as aforesaid, the Certificates will be payable from an annual ad valorem tax levied within the limit prescribed by law and a limited pledge (not to exceed \$1,000) of the net revenues ("*Net Revenues*") of the City's waterworks and sewer system (the "*System*"), as set forth in the Ordinance.

(d) the Issuer is not in breach of or default in any material respect under any applicable constitutional provision, law or administrative regulation of the State or the United States, or any applicable judgment or decree, relating to the issuance of the Certificates or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or any of its property or assets are otherwise subject, and no event has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the Issuer under any of the foregoing; and the execution and delivery of the Certificates and the Issuer Documents, the adoption of the Ordinance and compliance with the provisions on the Issuer's part contained therein will not conflict with or constitute a breach of or default under any constitutional provision, any administrative regulation relating to the issuance of the Certificates, or any judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Issuer is a party or to which the Issuer is or to which any of its property or assets are otherwise subject;

(e) All authorizations, approvals, licenses, permits, consents and orders of any governmental authority, legislative body, board, agency or commission having jurisdiction of the matter which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the Issuer of its obligations under the Issuer Documents and the Certificates have been duly obtained, except for (i) approval of the Certificates by the Office of the Attorney General of the State (the "*Attorney General*") and registration of the Certificates by the Office of the Comptroller of the State (the "*Comptroller*"), and (ii) such approvals, consents and orders as may be required under the Blue Sky or securities laws of any jurisdiction in connection with the offering and sale of the Certificates;

(f) The Certificates and the Ordinance conform to the descriptions thereof contained in the Official Statement under the captions "THE CERTIFICATES"; the proceeds of the sale of the Certificates will be applied generally as described in the Official Statement under the caption "THE CERTIFICATES - Sources and Uses of Certificate Proceeds"; and the Undertaking conforms to the description thereof contained in the

Official Statement under the caption "CONTINUING DISCLOSURE OF INFORMATION";

(g) Except as may be set forth in the Official Statement, there is no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best knowledge of the Issuer, threatened against the Issuer, affecting the existence of the Issuer or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Certificates or the collection of ad valorem taxes or Net Revenues of the System for the payment of principal of and interest on the Certificates pursuant to the Ordinance or in any way contesting or affecting the validity or enforceability of the Certificates, the Issuer Documents, or contesting the exclusion from gross income of interest on the Certificates for federal income tax purposes, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the Issuer or any authority for the issuance of the Certificates, the adoption of the Ordinance or the execution and delivery of the Issuer Documents, nor, to the best knowledge of the Issuer is there any basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Certificates or the Issuer Documents;

(h) As of the date thereof, the Preliminary Official Statement did not contain any untrue statement of a material fact or omit 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; provided that for the purpose of this Agreement and any certificate delivered by the Issuer in accordance herewith, the Issuer makes no representations with respect to the descriptions in the Preliminary Official Statement or the Official Statement of The Depository Trust Company, New York, New York ("DTC"), or its book-entry-only system;

(i) At the time of the Issuer's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (d) of Section 3 of this Agreement) at all times subsequent thereto during the period up to and including the date of Closing, the Official Statement does not and will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (provided that no representation is made by the Issuer with respect to the information not relating to the Issuer described in Section 4(h) hereof); provided, however, that if the Issuer notifies the Representative of any fact or event as required by Section 3(d) of this Agreement, and the Representative determines that such fact or event does not require the preparation and publication of a supplement or amendment to the Official Statement, then the Official Statement in its then current form shall be conclusively deemed to be complete and correct and in all material respects;

(j) If the Official Statement is supplemented or amended pursuant to paragraph (d) of Section 3 of this Agreement, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the period up to and including the date of Closing the

Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that if the Issuer notifies the Representative of any fact or event as required by Section 3(d) of this Agreement, and the Representative determines that such fact or event does not require the preparation and publication of a supplement or amendment to the Official Statement, then the Official Statement in its then current form shall be conclusively deemed to be complete and correct and in all material respects;

(k) The Issuer will apply, or cause to be applied, the proceeds from the sale of the Certificates as provided in and subject to all of the terms and provisions of the Ordinance and covenants not to take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Certificates;

(l) The Issuer will furnish such information and execute such instruments and take such action in cooperation with the Underwriters as the Representative may reasonably request (A) to (y) qualify the Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions in the United States as the Representative may designate and (z) determine the eligibility of the Certificates for investment under the laws of such states and other jurisdictions and (B) to continue such qualifications in effect so long as required for the distribution of the Certificates (provided, however, that such actions shall be at no expense to the Issuer and the Issuer will not be required to qualify as a foreign corporation or to file any general or special consents to service of process under the laws of any jurisdiction) and will advise the Representative immediately of receipt by the Issuer of any notification with respect to the suspension of the qualification of the Certificates for sale in any jurisdiction or the initiation or threat of any proceeding for that purpose;

(m) The audited financial statements of, and other financial information regarding, the Issuer in the Official Statement fairly present the financial position and results of the Issuer as of the dates and for the periods therein set forth and (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, (ii) the unaudited financial information has been prepared on a basis substantially consistent with the audited financial statements included in the Official Statement and reflect all adjustments necessary to that effect, and (iii) the other financial information has been determined on a basis substantially consistent with that of the audited financial statements included in the Official Statement. Prior to the Closing, the Issuer will not take any action or omit to take any action, that could cause an adverse change of a material nature in such financial position, results of operations or condition, financial or otherwise, of the Issuer. Except as may be described in the Official Statement, the Issuer is not a party to any litigation or other proceeding pending or, to its knowledge, threatened which, if decided adversely to the Issuer, would have a materially adverse effect on the financial condition of the Issuer;

(n) Prior to the Closing, the Issuer will not offer or issue any bonds, notes or other obligations for borrowed money that are secured and payable in the same manner as

the Certificates without the prior approval of the Representative, such approval not to be unreasonably withheld;

(o) Any certificate, signed by any official of the Issuer authorized to do so in connection with the transactions described in this Agreement, shall be deemed a representation and warranty by the Issuer to the Underwriters as to the statements made therein;

(p) To the best knowledge and belief of the Issuer, the Official Statement contains information, including financial information or operating data, as required by the Rule. The Issuer has complied in all material respects with any undertaking specified in paragraph (b)(5)(i) of the Rule within the last five years; and

(q) To the extent requested by the Representative in writing, the Issuer has delivered to the Underwriters true, correct, complete and legible copies of all information, applications, reports or other documents of any nature whatsoever submitted to any rating agency for the purpose of obtaining a rating for the Certificates and, in each instance, true, correct, complete and legible copies of all correspondence or other communications relating thereto.

5. *Closing.*

(a) At 10:00 a.m. Central Time, on October 14, 2015, or at such other time and date as shall have been mutually agreed upon by the Issuer and the Representative (the "*Closing*"), the Issuer will, subject to the terms and conditions hereof, deliver the initial Certificates to the Paying Agent/Registrar, as the entity appointed by the Issuer and agreed to by the Underwriters to make delivery of the Certificates, duly executed and authenticated, together with the other documents hereinafter mentioned. The Issuer will have available for immediate exchange definitive Certificates deposited with DTC, or deposited with the Paying Agent/Registrar if the Certificates are to be held in safekeeping for DTC by the Paying Agent/Registrar pursuant to DTC's FAST system, duly executed and authenticated in the form and manner described below. The Paying Agent/Registrar will, subject to the terms and conditions hereof, accept such delivery and the Representative will pay the purchase price of the Certificates as set forth in Section 1 of this Agreement in immediately available funds to the order of the Issuer. Payment for the Certificates as aforesaid shall be made at the offices of the Paying Agent/Registrar for the Certificates, or such other place as shall have been mutually agreed upon by the Issuer and the Representative. The initial Certificates shall be registered in the name of the Representative. In addition, the Issuer and the Representative agree that there shall be a preliminary closing held at such place as the Issuer and the Representative shall mutually agree, commencing at least 24 hours prior to the Closing; provided, however, that such preliminary closing shall not be required if Bond Counsel provides a complete Transcript of Proceedings acceptable to McCall, Parkhurst & Horton L.L.P. ("*Underwriters' Counsel*"), at least 48 hours prior to the Closing.

(b) Delivery of the Certificates shall be made through DTC, utilizing the book-entry-only form of issuance. The definitive Certificates shall be delivered in definitive fully registered form, bearing CUSIP numbers without coupons, with one printed

certificate for each maturity of the Certificates, registered in the name of Cede & Co., all as provided in the Ordinance, and shall be made available to the Underwriters at least one business day before the Closing for purposes of inspection at the offices of DTC or, if the Certificates are to be held in safekeeping for DTC by the Paying Agent/Registrar pursuant to DTC's FAST system, at the designated payment office of the Paying Agent/Registrar.

6. *Closing Conditions.* The Underwriters have entered into this Agreement in reliance upon the representations, warranties and agreements of the Issuer contained herein, and in reliance upon the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the date of the Closing. Accordingly, the Underwriters' obligations under this Agreement to purchase, to accept delivery of and to pay for the Certificates shall be conditioned upon the performance by the Issuer of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following additional conditions, including the delivery by the Issuer of such documents as are described herein, in form and substance reasonably satisfactory to the Representative:

(a) The representations and warranties of the Issuer contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the date of the Closing, as if made on the date of the Closing;

(b) The Issuer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing;

(c) At the time of the Closing, (i) the Issuer Documents and the Certificates shall be in full force and effect, and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except in any such case as may have been agreed to by the Representative; and (ii) all actions of the Issuer required to be taken by the Issuer shall be performed in order for Bond Counsel and Underwriters' Counsel to deliver their respective opinions referred to in section 6(h) of this Agreement;

(d) At or prior to the Closing, the Ordinance shall have been duly adopted and approved by the governing body of the Issuer in accordance with law, and the Issuer shall have duly executed and delivered and the Paying Agent/Registrar shall have duly authenticated the Certificates;

(e) At the time of the Closing, there shall not have occurred any change in the condition, financial or otherwise, or in the revenues or operations of the Issuer, from that set forth in the Official Statement that in the reasonable judgment of the Representative, is material and adverse and that makes it, in the reasonable judgment of the Representative, impracticable to market the Certificates on the terms and in the manner described in the Official Statement;

(f) The Issuer shall not currently be in default with respect to payment of principal or interest when due on any of its outstanding obligations for borrowed money;

(g) All steps to be taken and all instruments and other documents to be executed, and all other legal matters in connection with the transactions described in this Agreement shall be reasonably satisfactory in legal form and effect to Underwriters' Counsel and Bond Counsel;

(h) At or prior to the Closing, the Representative, or Underwriters' Counsel, shall have received one copy of each of the following documents:

(1) The Official Statement, and any supplement or amendment thereto, approved by the governing body of the Issuer pursuant to the Ordinance, and the reports and audits referred to or appearing in the Official Statement;

(2) The Ordinance, which shall include an Undertaking of the Issuer which satisfies the requirements of section (b)(5)(i) of the Rule, with such supplements or amendments as may have been agreed to by the Representative;

(3) The approving opinion of Bond Counsel with respect to the Certificates, in substantially the form and substance attached to the Official Statement as Appendix C;

(4) a supplemental opinion of Bond Counsel, addressed to the Issuer and the Underwriters, which provides that the Underwriters may rely upon the opinion of Bond Counsel delivered in accordance with the provisions of paragraph 6(h)(4) hereof, and opining to the effect that:

(i) the Certificates are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "*1933 Act*"), and the Trust Indenture Act of 1939, as amended (the "*Trust Indenture Act*"), and it is not necessary, in connection with the offering and sale of the Certificates, to register the Certificates under the 1933 Act or to qualify the Ordinance under the Trust Indenture Act; and

(ii) such firm has reviewed the statements and information contained in the Official Statement under the captions "THE CERTIFICATES" (except under the subcaptions "Sources and Uses of Certificate Proceeds"; "Book-Entry-Only System" and "Certificateholders' Remedies"), "TAX MATTERS," "CONTINUING DISCLOSURE OF INFORMATION" (except under the subcaption "Compliance with Prior Undertakings"), "OTHER INFORMATION - Legal Matters" (except the last sentence of the first paragraph thereof, as to which no opinion is expressed), "OTHER INFORMATION - Registration and Qualification of Certificates for Sale" and "OTHER INFORMATION - Legal Investments and Eligibility to Secure Public Funds in Texas," and such firm is of the opinion that the information relating to the Certificates and the legal issues contained under such captions and subcaptions is an accurate and fair description of the laws and legal issues addressed therein and, with respect to the Certificates, such information conforms to the Ordinance;

(5) An opinion of Underwriters' Counsel, dated the date of the Closing, addressed to the Underwriters, substantially in the form attached hereto as Exhibit A;

(6) A certificate, dated the date of Closing, signed by an authorized officer or employee of the Issuer to the effect that: (i) the representations and warranties of the Issuer contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing; (ii) no litigation or proceeding or tax challenge against the Issuer is pending or, to such official's knowledge, threatened in any court or administrative body nor, to such official's knowledge, is there a basis for litigation which would (a) contest the right of the members or officials of the Issuer to hold and exercise their respective positions, (b) contest the due organization and valid existence of the Issuer, (c) contest the validity, due authorization and execution of the Certificates or the Issuer Documents, or (d) attempt to limit, enjoin or otherwise restrict or prevent the Issuer from functioning and collecting ad valorem taxes or the fixing, charging and collecting revenues of the System, including for payment of principal and interest on the Certificates, pursuant to the Ordinance, or the levy, assessment or collection of the ad valorem taxes or the fixing, charging and collecting revenues of the System for the payment of the principal of and interest on the Certificates or (iii) the Ordinance, which authorized the execution, delivery and/or performance of the Official Statement, the Certificates and the other Issuer Documents, has been duly adopted by the Issuer, is in full force and effect and has not been modified, amended or repealed; (iv) to the best of such official's knowledge, no event affecting the Issuer has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purpose for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in light of the circumstances under which they were made, not misleading in any material respect as of the time of Closing, and the information contained in the Official Statement is correct in all material respects and, as of the date of the Official Statement did not, and as of the date of the Closing does not, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading; and (v) there has not been any material adverse change in the financial condition of the Issuer since September 30, 2014, the latest date as of which audited financial information is available;

(7) A certificate of the Issuer in form and substance satisfactory to Bond Counsel and counsel to the Underwriters setting forth the facts, estimates and circumstances in existence on the date of the Closing, which establish that it is not expected that the proceeds of the Certificates will be used in a manner that would cause the Certificates to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended (the "Code"), and any applicable regulations (whether final, temporary or proposed) issued pursuant to the Code;

(8) The approving opinion of the Attorney General and the registration certificate of the Comptroller in respect of the Certificates;

(9) Evidence satisfactory to the Representative that the Certificates have been rated "AA-" by Standard & Poor's Rating Services, a Standard & Poor's Financial Services LLC business ("S&P") and "A1" by Moody's Investors Service ("Moody's"), each without regard to credit enhancement, and that all such ratings are in effect as of the date of Closing; and

(10) Such additional legal opinions, certificates, instruments and other documents as the Representative or Underwriters' Counsel 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 Representative.

If the Issuer shall be unable to satisfy the conditions to the obligations of the Underwriters to purchase, to accept delivery of and to pay for the Certificates contained in this Agreement, or if the obligations of the Underwriters 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 Underwriters nor the Issuer shall be under any further obligation hereunder, except that the representations, warranties and obligations of the Issuer and the Underwriters set forth in Sections 4, 8 and 10 hereof shall continue in full force and effect and the Check shall be returned to the Representative, as provided in Section 1 hereof.

7. *Termination.* The Representative shall have the right to cancel the obligations of the Underwriters to purchase the Certificates (as evidenced by a written notice to the Issuer terminating the obligation of the Underwriters to accept delivery of and pay for the Certificates) if, 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 Representative, 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 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 law as amended and then in effect;

(c) any state blue sky or securities commission or other governmental agency or body in any jurisdiction in which at least 10% of the par amount of the Certificates have been offered and 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 material restrictions (not in force as of the date hereof) upon trading securities generally by any governmental authority or any national securities exchange, or a general banking moratorium declared by federal, State of New York, or State officials authorized to do so;

(e) a 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 Underwriters, which change shall occur subsequent to the date hereof and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriters;

(f) any amendment to the federal or Texas Constitution or action by any federal or Texas 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 pledge or the levy of ad valorem taxes or imposition and collection of the Net Revenues to pay principal of and interest on the Certificates;

(g) any event occurring, or information becoming known which, in the reasonable judgment of the Representative, 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 material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in 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 reasonable judgment of the Representative, 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 (i) to the Certificates or any of the Issuer's obligations secured in a like manner as the Certificates; or

(l) the purchase of and payment for the Certificates by the Underwriters, or the resale of the Certificates by the Underwriters, on the terms and conditions provided herein shall be prohibited by any applicable law, governmental authority, board, agency or commission, which prohibition shall occur subsequent to the date hereof and shall not be due to the malfeasance, misfeasance or nonfeasance of the Underwriters.

With respect to the condition described in subparagraphs (e) and (l) above, the Underwriters are 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 Representative to invoke the termination rights hereunder.

8. *Expenses.*

(a) The Underwriters 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, printing and distributing the Certificates, the Preliminary Official Statement, the Official Statement including any supplement or addendum thereto; (ii) the fees and disbursements of Bond Counsel and any counsel to the Issuer; (iii) the fees and disbursements of First Southwest Company, LLC, the Financial Advisor to the Issuer; (iv) the fees and disbursements of any engineers, accountants, and other experts, consultants or advisers retained by the Issuer; (v) the fees for municipal bond ratings; (vi) the fees of the Paying Agent/Registrar and (vii) the fees of the Texas Attorney General.

(b) The Underwriters shall pay (i) the cost of preparation and printing of this Agreement, the Blue Sky Survey, if any, and Legal Investment Memorandum, if any; (ii) all advertising expenses in connection with the public offering of the Certificates; and (iii) all other expenses incurred by them in connection with the public offering of the Certificates, including the fees and disbursements of Underwriters' Counsel.

(c) The Issuer acknowledges that the Underwriters will pay from the Underwriters' expense allocation of the underwriting discount certain expenses incurred by the Underwriters which are incidental to implementing this Agreement and the issuance of the Certificates, including, but not limited to, the applicable per bond assessment charged by the Municipal Advisory Council of Texas, meals, transportation and lodging, if any, and any other miscellaneous closing costs. The Municipal Advisory Council of Texas is a non-profit corporation whose purpose is to collect, maintain and distribute information relating to issuing entities of municipal securities.

(d) The Issuer acknowledges that it has had an opportunity, in consultation with such advisors as it may deem appropriate, if any, to evaluate and consider the fees and expenses being incurred as part of the issuance of the Certificates.

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: Jay Toutounchian, Director of Finance, City of Celina, 142 N. Ohio Street, Celina, TX 75009, and any notice or other communication to be given to the Underwriters under this Agreement may be given by delivering the same in writing to the Representative at BOSC, Inc., 333 West Campbell Road, Suite 350, Richardson, Texas 75080, Attn: Mr. Bill Gumbert.

10. *Parties in Interest.* This Agreement shall constitute the entire agreement between the Issuer and the Underwriters and is made solely for the benefit of the Issuer and the Underwriters (including successors or assigns of the Underwriters) 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 and warranties contained in this Agreement shall remain operative and in full force and effect, regardless of (i) any investigations made by or on behalf of any of the Underwriters; (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 law of the State.

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 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.* None of the members of the City Council, nor any officer, agent, or employee of the Issuer, shall be charged personally by the Underwriters with any liability, or be held liable to the Underwriters 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. *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.

[Remainder of page intentionally left blank.]

If the Issuer agrees with the foregoing, please sign the enclosed counterpart of this Agreement and return it to the Representative. This Agreement shall become a binding agreement between the Issuer and the Underwriters 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.
Jefferies LLC

By: BOSC, Inc.,
as the Representative of the Underwriters

By: _____

Name: _____

Title: _____

ACCEPTANCE

ACCEPTED AND AGREED TO at _____ a.m./p.m. Central Time on September 17, 2015.

By: _____

Name: _____

Title: _____

Purchase Agreement
City of Celina, Texas Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation,
Series 2015

SCHEDULE I

SCHEDULE OF MATURITIES, INTEREST RATES AND REDEMPTION PROVISIONS

\$15,280,000 City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015

The Certificates will be dated September 15, 2015 and will accrue interest from October 14, 2015, and such interest is payable on March 1 and September 1 in each year, commencing on March 1, 2016, until maturity or prior redemption and such interest will be calculated on the basis of a 360-day year consisting of twelve 30-day months..

<u>Maturity Date</u>	<u>Principal Amount</u>	<u>Coupon</u>	<u>Initial Yield</u>	
09/01/2016	\$90,000	2.000%	0.550%	
09/01/2017	\$220,000	2.000%	0.860%	
09/01/2018	\$355,000	2.000%	1.190%	
09/01/2019	\$355,000	2.500%	1.520%	
09/01/2020	\$370,000	2.500%	1.800%	
09/01/2021	\$225,000	4.000%	2.140%	
09/01/2022	\$455,000	4.000%	2.370%	
09/01/2023	\$470,000	5.000%	2.580%	
09/01/2024	\$720,000	5.000%	2.720%	
09/01/2025	\$850,000	5.000%	2.830%	
09/01/2026	\$895,000	5.000%	2.950%	c
09/01/2027	\$930,000	5.000%	3.040%	c
09/01/2028	\$980,000	5.000%	3.130%	c
09/01/2029	\$1,020,000	5.000%	3.220%	c
09/01/2030	\$1,080,000	5.000%	3.300%	c
09/01/2031	\$1,135,000	5.000%	3.370%	c
09/01/2032	\$1,190,000	5.000%	3.430%	c
09/01/2033	\$1,255,000	5.000%	3.480%	c
09/01/2034	\$1,305,000	5.000%	3.530%	c
09/01/2035	\$1,380,000	5.000%	3.570%	c

c – yield shown to the first available call date of September 1, 2025.

OPTIONAL REDEMPTION... The Certificates maturing on or after September 1, 2026, are subject to redemption in whole or in part, in principal amounts of \$5,000 or any integral multiple thereof, at the option of the City, on September 1, 2025, or any date thereafter at the par value thereof plus accrued interest to the date of redemption.

EXHIBIT A

Form of Opinion of McCall, Parkhurst & Horton L.L.P., as Underwriters' Counsel

October 14, 2015

\$15,280,000 City of Celina, Texas
Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation,
Series 2015

BOSC, Inc.
333 West Campbell Road, Suite 350
Richardson, Texas 75080

Jefferies LLC
101 California Street, 31st Floor
San Francisco, California 94111

Ladies and Gentlemen:

We have acted as counsel for you as the Underwriters 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*"), issued under and pursuant to an ordinance (the "*Ordinance*") of the City of Celina (the "*Issuer*") authorizing the issuance of the Certificates, which Certificates you are purchasing pursuant to a Purchase Agreement dated September 17, 2015 (the "*Purchase Agreement*"). All capitalized undefined terms used herein shall have the meaning set forth in the Purchase Agreement.

In connection with this opinion letter, we have considered such matters of law and of fact, and have relied upon such certifications and other information furnished to us, as we have deemed appropriate as a basis for our opinion set forth below. We are not expressing any opinion or views herein on the authorization, issuance, delivery, validity of the Certificates and we have assumed, but not independently verified, that the signatures on all documents and Certificates that we have examined are genuine.

Based on and subject to the foregoing, we are of the opinion that, under existing laws, the Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Ordinance is not required to be qualified under the Trust Indenture Act of 1939, as amended.

Because the primary purpose of our professional engagement as your counsel was not to establish factual matters, and because of the wholly or partially non-legal character of many of the determinations involved in the preparation of the Official Statement dated September 17, 2015 (the "*Official Statement*") and because the information in the Official Statement included under

the headings "THE CERTIFICATES - Book-Entry-Only System," "TAX MATTERS," and "CONTINUING DISCLOSURE OF INFORMATION - Compliance with Prior Undertakings," and in the schedules and appendices thereto (the foregoing, the "*Excluded Information*") were prepared by others who have been engaged to review or provide the Excluded Information, we are not passing on and do not assume any responsibility for the Excluded Information and, except as set forth in the last sentence of this paragraph, we are not passing on and do not assume any responsibility for the accuracy, completeness or fairness of other statements contained in the Official Statement (including any appendices, schedules and exhibits thereto) and we make no representation that we have independently verified the accuracy, completeness or fairness of such statements. In the course of our participation in the preparation of the Official Statement as your counsel, we had discussions with representatives of the Issuer, including its Financial Advisor and Bond Counsel, regarding the contents of the Official Statement. In the course of such activities, no facts came to our attention which would lead us to believe that the Official Statement (except for the financial statements and other financial and statistical data contained therein and the Excluded Information as to which we express no opinion), as of its date contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

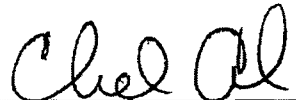
This opinion letter may be relied upon by only you and only in connection with the transaction to which reference is made above and may not be used or relied upon by any other person for any purposes whatsoever without our prior written consent.

Respectfully,


WAIVER OF NOTICE AND CONSENT TO SPECIAL MEETING

That, in relation to a special meeting of the City Council of the City of Celina, Texas, held on the 17th day of September, 2015, THE UNDERSIGNED MEMBER(S) OF THE COUNCIL, who was (or were) absent therefrom, CERTIFY, REPRESENT AND ACKNOWLEDGE that due notice of said meeting and the business to be transacted was received in advance thereof and the undersigned HEREBY WAIVE any objection to the holding of said special meeting and the transaction of all business at said meeting incident and related to the issuance and sale of the "City of Celina, Texas, Combination Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015," including the adoption of an ordinance authorizing the issuance of such certificates of obligation.

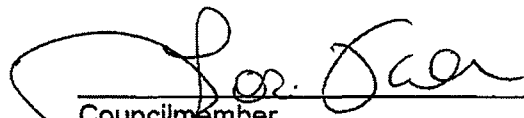
EXECUTED AND DATED, the 22 day of September, 2015.



Councilmember



Councilmember



Councilmember

OFFICIAL STATEMENT

Dated July 19, 2016

Rating:
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 BEEN DESIGNATED
AS "QUALIFIED TAX-EXEMPT OBLIGATIONS" FOR FINANCIAL INSTITUTIONS

**\$9,735,000
CITY OF CELINA, TEXAS
(Collin and Denton Counties)
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2016**

Dated Date: July 1, 2016

Due: September 1, as shown on page 2

Interest accrues from date of delivery

PAYMENT TERMS. . . Interest on the \$9,735,000 City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2016 (the "Certificates") will accrue from the date of delivery (anticipated to be August 10, 2016), and will be payable March 1 and September 1 of each year commencing March 1, 2017, 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 issuance of the Certificates (the "Ordinance") (see "THE CERTIFICATES – Authority for Issuance 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, equipment and vehicles for the police, fire, EMS, streets, traffic and transportation, and public works departments (iii) the acquisition, installation and improvement of municipal information technology systems, public safety and emergency management communications and radio systems, and public safety records management systems, (iv) acquiring, constructing and equipping buildings, structures and facilities for the public works department, (v) constructing, equipping and improving City Hall and (vi) 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 Purchaser 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 City by McCall, Parkhurst & Horton, L.L.P., Dallas, Texas as Disclosure Counsel.

DELIVERY. . . It is expected that the Certificates will be available for delivery through DTC on August 10, 2016.

RAYMOND JAMES & ASSOCIATES

MATURITY SCHEDULE

CUSIP Prefix: 151141 ⁽¹⁾

Principal Amount	Maturity Date	Interest Rate	Initial Yield	CUSIP Suffix ⁽¹⁾
\$ 135,000	9/1/2017	2.000%	0.710%	TD0
235,000	9/1/2018	3.000%	0.800%	TE8
315,000	9/1/2019	3.000%	0.950%	TF5
330,000	9/1/2020	3.000%	1.080%	TG3
340,000	9/1/2021	4.000%	1.200%	TH1
305,000	9/1/2022	4.000%	1.350%	TJ7
315,000	9/1/2023	4.000%	1.510%	TK4
445,000	9/1/2024	4.000%	1.620%	TL2
630,000	9/1/2025	4.000%	1.750%	TM0
655,000	9/1/2026	4.000%	1.870%	TN8
555,000	9/1/2027	2.000%	2.100% ⁽²⁾	TP3
565,000	9/1/2028	2.125%	2.230% ⁽²⁾	TQ1
575,000	9/1/2029	2.250%	2.380% ⁽²⁾	TR9
580,000	9/1/2030	2.375%	2.470% ⁽²⁾	TS7
600,000	9/1/2031	2.500%	2.570% ⁽²⁾	TT5
620,000	9/1/2032	2.500%	2.670% ⁽²⁾	TU2

\$1,285,000 3.000% Term Certificate due September 1, 2034 at a Price of 100.000% to Yield 3.000% ⁽²⁾ - CUSIP No. ⁽¹⁾ TW8
 \$1,250,000 3.000% Term Certificate due September 1, 2036 at a Price of 99.401% to Yield 3.040% ⁽²⁾ - CUSIP No. ⁽¹⁾ TY4

(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 Purchasers shall be responsible for the selection or correctness of the CUSIP numbers set forth herein.

(2) Priced to first optional redemption date of September 1, 2026.

OPTIONAL REDEMPTION . . . The City reserves the right, at its option, to redeem Certificates having stated maturities on or after September 1, 2027, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on September 1, 2026, or any date thereafter, at the par value thereof plus accrued interest to the date of redemption (see "THE CERTIFICATES -- Optional Redemption").

MANDATORY SINKING FUND REDEMPTION. . . The Certificates maturing on September 1, 2034 and 2036 are subject to mandatory redemption in part prior to maturity at a price of par plus accrued interest to the redemption date as described under "THE CERTIFICATES -- Mandatory Sinking Fund Redemption."

No dealer, broker, salesman or other person has been authorized by the City or the Purchasers 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 Purchasers. 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 Purchasers 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 Purchasers. 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 Purchasers 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 PURCHASERS 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 PURCHASERS, 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 \$9,735,000 Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2016 (the “Certificates”). The Certificates are issued as serial certificates maturing September 1 in the years 2017 through 2032 and Term Certificates maturing on September 1, 2034 and 2036, inclusive (see “THE CERTIFICATES - Description of the Certificates” and “THE CERTIFICATES – Mandatory Sinking Fund Redemption”).

PAYMENT OF INTEREST

ON THE CERTIFICATES..... Interest on the Certificates accrues from the date of delivery (anticipated to be August 10, 2016), and is payable March 1 and September 1 of each year, commencing March 1, 2017, 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”).

OPTIONAL REDEMPTION The City reserves the right, at its option, to redeem Certificates having stated maturities on or after September 1, 2027, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on September 1, 2026, 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 equipment and vehicles for the police, fire, EMS, streets, traffic and transportation, and public works departments (iii) the acquisition, installation and improvement of municipal information technology systems, public safety and emergency management communications and radio systems, and public safety records management systems, (iv) acquiring, constructing and equipping buildings, structures and facilities for the public works department, (v) constructing, equipping and improving City Hall and (vi) professional services rendered in connection with such projects and the financing thereof.

RATINGS FOR THE

CERTIFICATES The Certificates have been rated “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
2012	7,625	\$ 461,631,888	\$ 11,796,363	\$ 60,539	2.56%	\$ 1,547
2013	8,576	478,640,217	16,894,370	55,812	3.53%	1,970
2014	8,600	505,896,214	19,483,778	58,825	3.85%	2,266
2015	8,756	550,278,293	18,817,640	62,846	3.42%	2,149
2016	9,028	661,670,092	22,486,515 ⁽⁴⁾	73,291	3.40%	2,491

(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) Excludes the self-supporting portions of the Certificates. Projected, subject to change.

For additional information regarding the City, please contact:

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City of Celina
City Hall
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Celina, TX 75009
(972) 382-2682

or

James S. Sabonis
Managing Director
jim.sabonis@hilltopsecurities.com
FirstSouthwest, a Division of Hilltop Securities Inc.
1201 Elm Street, Suite 3500
Dallas, Texas 75270
(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
Bill Weber	Council Member	2014	2019
Wayne Nabors	Council Member	2007	2018
Andy Hopkins	Council Member	2015	2018
Carmen Roberts	Council Member	2011	2017
Lori Vaden ⁽¹⁾	Council Member	2014	2017
Chad Anderson	Mayor Pro-Tem, Council Member	2013	2019

⁽¹⁾ At the conclusion of the July 12, 2016 City Council meeting, the City Council accepted Lori Vaden's resignation and appointed Mindy Koehne as the Place 5 City Councilmember for the remainder of the unexpired term

SELECTED ADMINISTRATIVE STAFF

<u>Name</u>	<u>Position</u>	<u>Years with the City</u>
Helen-Eve Liebman	Interim 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

CONSULTANTS AND ADVISORS

Auditors Scott, Singleton, Fincher and Company, P.C.
Greenville, Texas

Bond Counsel Norton Rose Fulbright US LLP
Dallas, Texas

Financial Advisor..... FirstSouthwest, a Division of Hilltop Securities Inc.
Dallas, Texas

OFFICIAL STATEMENT
RELATING TO
\$9,735,000
CITY OF CELINA, TEXAS
TAX AND WATERWORKS AND SEWER SYSTEM (LIMITED PLEDGE) REVENUE
CERTIFICATES OF OBLIGATION, SERIES 2016

INTRODUCTION

This Official Statement, which includes the Appendices hereto, provides certain information regarding the issuance of the \$9,735,000 City of Celina, Texas, Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2016 (the "Certificates"). Capitalized terms used in this Official Statement have the same meanings assigned to such terms in the ordinance to be adopted on the date of sale of 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, FirstSouthwest, a Division of Hilltop Securities Inc. ("FirstSouthwest"), 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 2016 estimated population is 9,028. 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, equipment and vehicles for the police, fire, EMS, streets, traffic and transportation, and public works departments (iii) the acquisition, installation and improvement of municipal information technology systems, public safety and emergency management communications and radio systems, and public safety records management systems, (iv) acquiring, constructing and equipping buildings, structures and facilities for the public works department, (v) constructing, equipping and improving City Hall and (vi) 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	\$ 9,735,000.00
Net Premium	<u>474,977.85</u>
TOTAL SOURCES	<u>\$ 10,209,977.85</u>

USES OF FUNDS:

Deposit to Project Fund	\$ 9,995,000.00
Underwriter's Discount	97,642.73
Costs of Issuance	<u>117,335.12</u>
TOTAL USES	<u>\$ 10,209,977.85</u>

DESCRIPTION OF THE CERTIFICATES. . . The Certificates are dated July 1, 2016 (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 August 10, 2016), 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, 2017 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.

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, 2027, in whole or in part, in principal amounts of \$5,000, or any integral multiple thereof, on September 1, 2026, 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.

MANDATORY SINKING FUND REDEMPTION. . . The Certificates maturing on September 1, 2034 and 2036 (the "Term Certificates") are subject to mandatory sinking fund redemption in the principal amounts and at the price of par plus accrued interest to the redemption date as described below:

<u>Term Certificates Due September 1, 2034</u>		<u>Term Certificates Due September 1, 2036</u>	
<u>Redemption Date</u>	<u>Principal Amount</u>	<u>Redemption Date</u>	<u>Principal Amount</u>
September 1, 2033	\$635,000	September 1, 2035	\$675,000
September 1, 2034 (maturity)	\$650,000	September 1, 2036 (maturity)	\$575,000

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

The principal amount of Term Certificates required to be redeemed on any mandatory redemption date pursuant to the operation of the mandatory sinking fund redemption provisions shall be reduced, at the option of the City, by the principal amount of any Term Certificates which, at least 50 days prior to a mandatory redemption date (1) shall have been acquired by the City and

delivered to the Paying Agent/Registrar for cancellation, or (2) shall have been redeemed pursuant to the optional redemption provisions and not theretofore credited against a mandatory redemption requirement.

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 Purchasers 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 and 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 Purchasers.

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 an 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. On April 1, 2016, the Texas Supreme Court ruled in *Wasson Interests, Ltd. V. City of Jacksonville*, S.W. 3d (Tex. 2016) that sovereign immunity does not imbue a city with derivative immunity when it performs proprietary, as opposed to governmental, functions in respect to contracts executed by a city, Texas jurisprudence has generally held that proprietary functions are those conducted by a city in its private capacity, for the benefit only of those within its corporate limits, and not as an arm of the government or under the authority or for the benefit of the state. If sovereign immunity is determined by a court to exist then 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.

As noted above, the Ordinance provides that holders of the Certificates may exercise the remedy of mandamus to enforce the obligations of the City under the Ordinance. Neither the remedy of mandamus nor any other type of injunctive relief was at issue in either *Wasson Interests* or *Tooke*, and it is unclear whether *Wasson Interests* or *Tooke* will be construed to have any effect with respect to the exercise of mandamus, as such remedy has been interpreted by Texas Courts. In general, Texas Courts have held that writ of mandamus may be issued to require public officials to perform ministerial acts that clearly pertain to their duties. Texas courts have and certainty that leaves nothing to the exercise of discretion or judgement, though mandamus is not available to enforce purely contractual duties. However, mandamus may be used to require a public officer to perform legally imposed ministerial duties necessary for the performance of a valid contract to which the State of a political subdivision of the State is a party (including the payment of monies due under a contract).

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.emma.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 Creek Public Improvement District

The Parks at Wilson Creek 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.

Wells South Public Improvement District

The Wells South Public Improvement District ("Wells South PID") was created by the City on July 14, 2015 and is an approximately 400 acre master planned project located in a fast growing development area in the southeastern portion of the City. The Wells South PID will consist of primarily residential homesites and parcels to be used for commercial businesses and mixed-use residential/retail development (with approximately 135 townhomes). Wells South PID is expected to be developed in approximately five phases with the initial phase consisting of the infrastructure improvements to serve the entire Wells South PID as well as the first neighborhood of residential sites followed by three subsequent phases of improvements in smaller neighborhood areas. The public improvements will include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the Wells South PID is expected to have approximately 1,236 single family homes in addition to the commercial and mixed-use properties discussed above.

In December 2015, the City issued \$13,830,000 in bonds secured by the special assessments levied on property within the Wells South PID to commence development of roadway, water, wastewater and drainage improvements for the entire Wells South PID as well as commence constructing similar infrastructure for the first neighborhood of residential homesites. 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 Wells South PID. It is expected that additional bonds will be issued in the future for improvements within each of the four remaining neighborhood residential tracts.

The City expects to construct and install certain permanent public improvements that benefit the Wells South PID, including water, wastewater, and drainage improvements mostly located outside of the boundaries of the Wells South PID but which will benefit the property within the Wells South PID. The City issued its Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A in December of 2014 and its Tax and Waterworks and Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 in October of 2015 to fund such improvements. The City may issue future obligations to finance the costs of the city improvements as more neighborhood areas of Wells South PID are developed. The special assessment levied on parcels within the Wells South PID includes an additional component attributable to a portion of debt service related to City ad valorem tax debt issued to finance improvements benefitting the Wells South PID. However, assessments that are allocable to the City's ad valorem tax debt for such improvements are offset each year by a credit equal to the ad valorem taxes collected by the City from the each property in the Wells South PID during the previous year to be used for reducing the annual special assessments installments allocable to the City-financed improvements, thus lowering the net effective tax rate of property owners in Wells South PID.

Wells North Public Improvement District

The Wells North Public Improvement District ("Wells North PID") was created by the City on February 9, 2016 and is an approximately 244 acre master planned project located in a fast growing development area in the southeastern portion of the City. The Wells North PID will consist of primarily residential homesites and parcels to be used for commercial businesses and mixed-use residential/retail development as well as approximately 12 acres reserved for a public elementary school. Wells North PID is expected to be developed in approximately four phases with the initial phase consisting of the infrastructure improvements to serve the entire Wells North PID as well as the first neighborhood of residential sites followed by three subsequent phases of improvements in smaller neighborhood areas. The public improvements will include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the Wells North PID is expected to have approximately 846 single family homes in addition to the commercial and mixed-use properties discussed above.

In April 2016, the City issued \$9,660,000 in bonds secured by the special assessments levied on property within the Wells North PID to commence development of roadway, water, wastewater and drainage improvements for the entire Wells North PID as well as commence constructing similar infrastructure for the first neighborhood of residential homesites. 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 Wells North PID as described above. It is expected that additional bonds will be issued in the future for improvements within each of the three remaining neighborhood residential tracts.

Sutton Fields II Public Improvement District

The Sutton Fields Public Improvement District ("Sutton Fields PID") was created by the City on October 13, 2015 and is an approximately 622 acre master planned project located in a fast growing development area of the City located directly north of the City of Prosper. The Sutton Fields PID will consist of primarily residential homesites. Sutton Fields PID is expected to be developed in approximately five phases over nine years with the initial phase consisting of the infrastructure improvements to serve the entire Sutton Fields PID as well as the first neighborhood of residential sites followed by three subsequent phases of improvements in smaller neighborhood areas. The public improvements will include road, water, sewer and storm drainage infrastructure and community improvements (such as amenities, parks, trails, and lakes) and residential lots. Upon completion, the Sutton Fields PID is expected to have approximately 2,247 single family homes.

In December 2015, the City issued \$28,385,000 in bonds secured by the special assessments levied on property within the Sutton Fields PID to commence development of roadway, water, wastewater and drainage improvements for the entire Sutton Fields PID as well as commence constructing similar infrastructure for the first neighborhood of residential homesites. 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 Sutton Fields PID as described above. It is expected that additional bonds will be issued in the future for improvements within each of the four remaining neighborhood residential tracts.

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.

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 7/15/2016)		
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
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015		15,280,000
Total Gross General Obligation Debt Outstanding:	\$	<u>44,455,000</u>
Plus:		
The Certificates	\$	<u>9,735,000</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)		575,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2014A (W&S)		1,070,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 (PID)		4,780,000
Tax & Waterworks & Sewer System (Limited Pledge) Revenue Certificates of Obligation, Series 2015 (W&S)		8,240,000
The Certificates (PIDs)		1,470,000
The Certificates (W&S)		6,015,000
Total Self-Supporting General Obligation Debt Principal	\$	<u>30,862,361</u>
Total Net General Obligation Debt Principal Outstanding:	\$	<u>23,327,640</u>
General Obligation Interest and Sinking Fund Balance as June 1, 2016	\$	1,331,765
Ratio of Gross General Obligation Debt Principal to FY 2016 Certified Net Taxable Assessed Valuation		6.72%
Ratio of Net General Obligation Debt Principal to FY 2016 Certified Net Taxable Assessed Valuation		3.53%
FY 2016 Certified Net Taxable Assessed Valuation	\$	661,670,092
2016 Population (Estimate)		9,028
Per Capita Certified Net Taxable Assessed Valuation	\$	73,291
Per Capita Gross General Obligation Debt Principal	\$	4,924
Per Capita Net General Obligation Debt Principal	\$	2,584

(1) General Obligation 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
2012	7,625	\$ 461,631,888	\$ 11,796,363	\$ 60,539	2.56%	\$ 1,547
2013	8,576	478,640,217	16,894,370	55,812	3.53%	1,970
2014	8,600	505,896,214	19,483,778	58,825	3.85%	2,266
2015	8,756	550,278,293	18,817,640	62,846	3.42%	2,149
2016	9,028	661,670,092	22,486,515 ⁽⁴⁾	73,291	3.40%	2,491

(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) Excludes the self-supporting portions of the Certificates; 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
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	3,549,295	99.59%	103.25%
2016	0.6450	0.4335	0.2115	4,267,772	99.20% ⁽¹⁾	104.73% ⁽¹⁾

(1) Partial year collections as of May 31, 2016.

TABLE 5 - TEN LARGEST TAXPAYERS

Name of Taxpayer	Nature of Property	2015/2016 Taxable Assessed Valuation	% of Total Taxable Assessed Valuation
Celina Town Center	Shopping Center	\$ 5,985,214	0.90%
Celina 682 Partners LP	Real Estate	5,835,900	0.88%
Chemtrade Sulfate Chemicals Inc.	Manufacturing	5,223,562	0.79%
First Texas Homes Inc.	Real Estate	4,214,411	0.64%
BHAKHTIARI LLC	Real Estate	4,200,000	0.63%
TXI Operations LP	Manufacturing	4,021,900	0.61%
Brookshire Grocery Company	Retail	3,913,153	0.59%
DR Horton - Texas LTD	Real Estate	3,867,277	0.58%
Bobcat Crossing LTD	Real Estate	3,839,768	0.58%
CTMGT Frontier 80 LLC	Real Estate	3,805,355	0.58%
		<u>\$ 44,906,540</u>	<u>6.79%</u>

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
Net Principal and Interest Requirements for Fiscal Year 2017	\$ 1,617,938
\$0.2483 Tax Rate at 98.5% Collection Produces	\$ 1,618,283
Average Net Principal and Interest Requirements (2017-2036)	\$ 1,423,883
\$0.2185 Tax Rate at 98.5% Collection Produces	\$ 1,424,063
Maximum Net Principal and Interest Requirements (2021)	\$ 1,825,249
\$0.2801 Tax Rate at 98.5% Collection Produces	\$ 1,825,538

(1) Based on Tax Year 2015 Certified Taxable Assessed Valuation. 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)	2015/2016 Tax Rate	(1)	G.O. Debt 7/1/2016	Estimated Percent Applicable	(1)	Overlapping G.O. Debt as of 7/1/2016
City of Celina	\$ 661,670,092		\$ 0.6450		\$ 54,190,000 ⁽²⁾	100.00%		\$ 54,190,000
Celina ISD	844,449,430		1.6400		73,621,605	60.85%		44,798,747
Collin County	96,807,570,324		0.2250		366,955,000	67.00%		245,859,850
Collin County CCD	99,683,935,220		0.0820		19,155,000	0.67%		128,339
Prosper ISD	3,665,364,519		1.6700		345,121,300	2.98%		10,284,615
Total Direct and Overlapping Debt								\$ 355,261,550
Ratio of Direct and Overlapping Debt to City's Taxable Assessed Valuation								53.69%
Per Capital Overlapping GO Debt								\$ 41,309.48

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

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

DEBT INFORMATION

TABLE 8 – PRO-FORMA 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	\$ 1,690,000	\$ 1,572,599	\$ 3,262,599	\$ -	\$ -	\$ -	\$ 3,262,599	\$ 1,491,735	\$ 205,714	\$ 170,000	\$ 1,395,149	
2017	1,880,000	1,643,021	3,523,021	135,000	310,164	445,164	3,968,186	1,892,450	287,798	170,000	1,617,938	
2018	2,250,000	1,595,704	3,845,704	235,000	290,369	525,369	4,371,073	1,890,981	555,175	170,000	1,754,917	
2019	2,300,000	1,540,203	3,840,203	315,000	283,319	598,319	4,438,521	1,894,767	553,720	170,000	1,820,034	
2020	2,370,000	1,475,563	3,845,563	330,000	273,869	603,869	4,449,431	1,894,735	561,425	170,000	1,823,271	21.23%
2021	2,435,000	1,407,008	3,842,008	340,000	263,969	603,969	4,445,976	1,892,004	558,723	170,000	1,825,249	
2022	2,515,000	1,334,340	3,849,340	305,000	250,369	555,369	4,404,709	1,895,550	563,070	170,000	1,776,089	
2023	2,590,000	1,252,353	3,842,353	315,000	238,169	553,169	4,395,521	1,893,413	551,818	170,000	1,780,291	
2024	2,470,000	1,163,068	3,633,068	445,000	225,569	670,569	4,303,636	1,897,887	554,015	170,000	1,681,735	
2025	2,090,000	1,066,080	3,156,080	630,000	207,769	837,769	3,993,849	1,581,478	565,513	170,000	1,676,859	47.32%
2026	2,180,000	979,575	3,159,575	655,000	182,569	837,569	3,997,144	1,582,284	563,863	170,000	1,680,997	
2027	2,260,000	888,419	3,148,419	555,000	156,369	711,369	3,859,788	1,576,091	556,463	170,000	1,557,234	
2028	2,355,000	791,913	3,146,913	565,000	145,269	710,269	3,857,181	1,581,846	555,263	170,000	1,550,073	
2029	2,465,000	686,406	3,151,406	575,000	133,263	708,263	3,859,669	1,584,729	548,206	170,000	1,556,733	
2030	2,385,000	575,769	2,960,769	580,000	120,325	700,325	3,661,094	1,546,494	555,544	-	1,559,056	74.21%
2031	2,475,000	470,813	2,945,813	600,000	106,550	706,550	3,652,363	1,549,825	556,525	-	1,546,013	
2032	2,480,000	360,325	2,840,325	620,000	91,550	711,550	3,551,875	1,555,025	556,525	-	1,440,325	
2033	2,260,000	249,225	2,509,225	635,000	76,050	711,050	3,220,275	1,497,825	565,650	-	1,156,800	
2034	1,625,000	147,050	1,772,050	650,000	57,000	707,000	2,479,050	1,498,450	552,900	-	427,700	
2035	1,380,000	69,000	1,449,000	675,000	37,500	712,500	2,161,500	1,386,400	559,650	-	215,450	98.94%
2036	-	-	-	575,000	17,250	592,250	592,250	561,350	-	-	30,900	100.00%
	<u>\$ 44,455,000</u>	<u>\$ 19,268,431</u>	<u>\$ 63,723,431</u>	<u>\$ 9,735,000</u>	<u>\$ 3,467,258</u>	<u>\$ 13,202,258</u>	<u>\$ 76,925,689</u>	<u>\$ 34,145,319</u>	<u>\$ 10,527,557</u>	<u>\$ 2,380,000</u>	<u>\$ 29,872,813</u>	

(1) Net Effective Interest Rate calculated at 2.59%.

(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 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.

TABLE 9 – FUND BALANCES ⁽¹⁾

	As Of 6/1/2016
General Fund Money Market Acct.	\$ 6,829,517
General Operating Fund	301,913
General Obligation Debt Service Fund	1,331,765
Capital Projects Fund	21,865,837
Water & Sewer Operating Fund	5,759,087
Total	\$ 36,088,119

(1) As reported by the City.

TABLE 10 – COMPUTATION OF SELF-SUPPORTING DEBT

Waterworks and Sewer System Revenue Supported Debt	
Fiscal Year Ended 9/30/2015 Net W&S System Revenues Available for Debt Service ⁽¹⁾	\$ 4,180,362
Less: Requirement for Fiscal Year 2016 Revenue Bonds	-
Balance Available for Other Purposes	<u>\$ 4,180,362</u>
Requirement for Fiscal Year 2016 General Obligation Debt Paid from W&S System Revenues ⁽²⁾	\$ 1,491,735
Percentage of W&S System General Obligation Debt Self-Supporting	100%
Public Improvement District Assessment Revenue Supported Debt	
Fiscal Year 2016 Public Improvement District Assessment Levy for payment of general obligation debt	
The Lakes at Mustang Ranch Public Improvement District	\$ 150,786
Parks at Wilson Creek Public Improvement District	127,727
Wells South Public Improvement District	85,791
Total Assessments Levied	<u>\$ 364,305</u>
Total Public Improvement District Assessment Revenue Collected as of June 1, 2016 for payment of general obligation debt ⁽²⁾	\$ 10,741 ⁽³⁾
Fiscal Year 2016 Public Improvement District Assessment Revenue Supported general obligation debt requirements	\$ 205,714

(1) Exclusive of garbage fees and expenses.

(2) The City considers a portion of the general obligation debt shown in "Table 8 – General Obligation Debt Service Requirements" to be self-supporting due to the transfer of certain revenues of the City. See Table 1 – Assessed Valuation and Exemptions and Table 8 – Pro Forma General Obligation Debt Service Requirements. The transfers of such revenues and funds to make debt service payments on such general obligation debt is discretionary and may be discontinued by the City, in whole or in part, at any time. In the event the City chooses to discontinue such transfers for such general obligation debt, the City will be required to levy ad valorem taxes or to appropriate other lawfully available funds of the City in amounts sufficient to pay debt service on such general obligation debt.

(3) This payment has been made by the developer to the Trustee to be transferred onto a Special Account set-up by the City. Funds have not been transferred into the City Account as of 6/1/2016.

TABLE 11 – AUTHORIZED BUT UNISSUED GENERAL OBLIGATION BONDS

Purpose	Date Authorized	Amount Authorized	Amount Previously Issued	Unissued Balance
Fire	5/8/2010	\$ 2,475,000	\$ -	\$ 2,475,000
Information Technology	5/8/2010	685,000	-	685,000
Drainage Improvements	5/8/2010	3,100,000	-	3,100,000
Street	5/8/2010	2,000,000	-	2,000,000
Parks & Recreation	5/8/2010	1,375,000	-	1,375,000
Public Works	5/8/2010	400,000	-	400,000
		<u>\$ 10,035,000</u>	<u>\$ -</u>	<u>\$ 10,035,000</u>

ANTICIPATED ISSUANCE OF GENERAL OBLIGATION DEBT. . . The City does not anticipate the issuance of additional general obligation debt within the next twelve months.

TABLE 12 – OTHER OBLIGATIONS

The City has entered into lease agreements for copier machines. The following is a summary of the annual minimum lease requirements under these agreements:

Fiscal Year Ending 9-30	Annual Lease Requirement
2016	\$ 19,638
2017	16,824
2018	16,824
2019	14,235
2020	5,589
Total Required	<u>\$ 73,110</u>

PENSION FUND. . . In addition to City employee participation in the U.S. Social Security Program, the City provides pension benefits for all of its full-time employees through a nontraditional, joint contributory, hybrid defined contribution plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The TMRS is a contributory, annuity-purchase type plan, which is covered by the State statute and is administered by six trustees appointed by the Governor of the State of Texas. The TMRS operates independently of its member cities.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years, but he must leave his accumulated contributions in the plan. If a member withdraws his own money, he is not entitled to the employer-financed monetary credits, even if he was vested. The plan provisions are adopted by the governing body of the City, within the options available in the State statutes governing TMRS and within the actuarial constraints also in the statutes.

The contribution rate for the employees is 7%, and the City matching ratio is currently 2 to 1, both as adopted by the City Council. When an employee terminates and withdraws his contribution, the City's portion remains in the fund. Credit is allowed annually toward reducing the City's contribution rate to maintain a two-to-one matching balance.

The City's contributions for the fiscal year 2014 were based on a covered payroll for \$2,756,000. Both the City and the covered employees made the required contributions, with the City's contribution amounting to \$98,688.

In December 2007, the TMRS Board of Trustees approved changes in the actuarial assumptions and funding methodology for all TMRS plans. For more detailed information concerning the City's retirement plan for Fiscal Year 2014 see "APPENDIX B – EXCERPTS FROM THE CITY'S AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014" – Note 7.

FINANCIAL INFORMATION

TABLE 13 - GENERAL FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
<u>Revenues:</u>					
Ad Valorem Taxes	\$ 2,537,123	\$ 2,377,555	\$ 2,332,848	\$ 2,645,688	\$ 2,692,510
Franchise Taxes	364,763	320,805	325,167	299,999	355,576
Sales Taxes	603,949	505,221	384,289	338,053	290,835
Permits and Inspection Fees	1,767,856	1,321,510	455,454	340,547	257,605
Fire Department and EMS Fees	241,005	196,753	174,678	244,505	262,435
Park Fees	602,626	169,000	161,345	85,111	18,907
Development Fees	924,249	239,739	124,743	56,411	16,286
Fines	254,370	155,962	197,248	186,302	95,016
Other Income	92,349	296,867	85,140	96,809	82,758
Collin County Road Contribution	120,000	-	-	-	236,623
Donations	221,696	305,430	142,682	175,346	155,935
Interest	40,609	27,419	24,383	22,355	13,775
Federal and State Grants	314,114	1,165	-	32,760	294,205
Total Revenues	\$ 8,084,709	\$ 5,917,426	\$ 4,407,977	\$ 4,523,886	\$ 4,772,466
<u>Expenditures:</u>					
Administration	\$ 1,133,574	\$ 1,106,865	\$ 870,419	\$ 774,209	\$ 979,059
Library	140,857	135,315	134,625	126,116	126,482
Judicial	84,853	88,531	79,863	70,066	70,205
Fire and Emergency Services	1,316,275	1,083,464	1,057,979	1,062,174	1,140,328
Development Services	524,712	702,862	417,119	472,329	363,133
Public Works	806,788	505,659	416,690	350,295	568,890
Police Department	1,046,160	770,254	741,361	729,737	913,898
Parks and Recreation	667,908	443,625	349,742	288,239	176,313
Main Street Project	70,510	26,869	135,388	99,726	57,880
Capital Outlay	1,122,728	529,439	63,536	34,094	1,464,171
Debt Service	-	17,042	50,922	-	-
Total Expenditures	\$ 6,914,365	\$ 5,409,925	\$ 4,317,644	\$ 4,006,985	\$ 5,860,359
Excess (deficit) of Revenues Over Expenditures	\$ 1,170,344	\$ 507,501	\$ 90,333	\$ 516,901	\$ (1,087,893)
<u>Other Financing Sources (Uses):</u>					
Operating Transfers In (Out)	\$ 365,000	\$ 348,050	\$ 345,000	\$ 95,000	\$ 75,000
Proceeds of Capital Leases	-	-	30,752	-	-
Proceeds from Issuance of Bonds	-	-	-	-	1,400,000
Bond Issuance Costs	-	-	-	-	(33,292)
Proceeds from Sale of Assets	12,525	15,279	26,100	30,403	48,381
Transfers for Debt Service	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 377,525	\$ 363,329	\$ 401,852	\$ 125,403	\$ 1,490,089
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 1,547,869	\$ 870,830	\$ 492,185	\$ 642,304	\$ 402,196
Beginning Fund Balance	3,057,960	2,187,131	1,694,946	1,052,642 ⁽¹⁾	864,794
Ending Fund Balance	\$ 4,605,829	\$ 3,057,960	\$ 2,187,131	\$ 1,694,946	\$ 1,266,990

(1) Restated. Capital Project Fund was reported separately in FY 2012.

TABLE 14 – DEBT SERVICE FUND REVENUES AND EXPENDITURE HISTORY

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
<u>Beginning Fund Balance</u>	\$ 541,370	\$ 515,274	\$ 453,145	\$ 473,465	\$ 593,598
<u>Revenues:</u>					
Current Tax Collections	\$ 1,217,693	\$ 937,036	\$ 821,403	\$ 374,197	\$ 282,632
Delinquent Tax Collections	-	-	-	-	-
Penalty and Interst	-	-	-	-	-
Fines	-	-	-	-	-
Donations / EDC Contributions	200,000	170,000	170,000	340,000	165,000
Interest	4,858	3,763	4,077	8,487	2,799
Total Revenues	\$ 1,422,551	\$ 1,110,799	\$ 995,480	\$ 722,684	\$ 450,431
<u>Expenditures:</u>					
Debt Service					
Principal Retirement	\$ 678,366	\$ 495,593	\$ 451,994	\$ 363,145	\$ 257,590
Interest & Fiscal Charges	669,480	589,110	826,054	379,859	312,974
Total Expenditures	\$ 1,347,846	\$ 1,084,703	\$ 1,278,048	\$ 743,004	\$ 570,564
Excess (Deficit) of Revenues Over Expenditures	\$ 74,705	\$ 26,096	\$ (282,568)	\$ (20,320)	\$ (120,133)
<u>Other Financing Sources (Uses):</u>					
Sale of Fixed Assets	\$ -	\$ -	\$ -	\$ -	\$ -
Lease Purchase Proceeds	-	-	-	-	-
Operating Transfer In (Out)	30,000	-	-	-	-
Issuance of Refunding Bonds	-	-	4,434,697	112,046	-
Payment to Bond Refunding Agency	-	-	(4,090,000)	(109,528)	-
Bond Issuance Cost	-	-	-	(2,518)	-
Transfers Out for Debt Service	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 30,000	\$ -	\$ 344,697	\$ -	\$ -
Excess (Deficit) of Revenues and Other Sources Over Expenditures and Other Uses	\$ 104,705	\$ 26,096	\$ 62,129	\$ (20,320)	\$ (120,133)
Ending Fund Balance	\$ 646,075	\$ 541,370	\$ 515,274	\$ 453,145	\$ 473,465

TABLE 15 – WATER RATES (EFFECTIVE FEBRUARY 10, 2012)

<u>Residential Usage</u>	<u>In City Limits Rates</u>	<u>Outside City Limits Rates</u>
0 - 2,000 Gallons (Minimum)		
5/8 and 3/4 inch meters	\$ 22.25	\$ 33.38
1 inch meter	38.93	58.40
1 1/2 inch meter	77.87	116.81
2 inch meter	124.59	186.89
2,001 - 10,000 Gallons per 1K	\$ 4.96	\$ 7.44
10,001 - 20,000 Gallons per 1K	7.44	11.16
20,001 - 30,000 Gallons per 1K	8.68	13.02
30,001 Gallons and above per 1K	12.40	18.60
<u>Commercial Usage</u>	<u>In City Limits Rates</u>	<u>Outside City Limits Rates</u>
0 - 2,000 Gallons (Minimum)		
5/8 and 3/4 inch meters	\$ 27.81	\$ 41.72
1 inch meter	48.67	73.01
1 1/2 inch meter	97.34	146.01
2 inch meter	155.74	233.61
3 inch meter	233.60	350.40
4 inch meter	389.34	584.01
2,001 - 10,000 Gallons per 1K	\$ 4.96	\$ 7.44
10,001 - 20,000 Gallons per 1K	7.44	11.16
20,001 - 30,000 Gallons per 1K	8.68	13.02
30,001 Gallons and above per 1K	12.40	18.60

TABLE 16 – WASTE WATER RATES (EFFECTIVE FEBRUARY 10, 2012)

<u>Residential Usage</u>	<u>In City Limits Rates</u>	<u>Outside City Limits Rates</u>
0 - 2,000 Gallons (Minimum)		
5/8 and 3/4 inch meters	\$ 20.60	\$ 30.90
1 inch meter	38.63	57.95
1 1/2 inch meter	72.10	108.15
2 inch meter	123.60	185.40
2,001 - 10,000 Gallons per 1K	\$ 5.73	\$ 8.60
Usage fees cap at 14,000 Gallons	89.45	134.18

<u>Commercial Usage</u>	<u>In City Limits Rates</u>	<u>Outside City Limits Rates</u>
0 - 2,000 Gallons (Minimum)		
5/8 and 3/4 inch meters	\$ 25.75	\$ 38.63
1 inch meter	48.29	72.44
1 1/2 inch meter	90.13	135.20
2 inch meter	154.50	231.75
4 inch meter	386.25	579.38
2,001 Gallons and up per 1K	\$ 5.73	\$ 8.60

TABLE 17 – WATER AND WASTEWATER CUSTOMERS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Number of Residential/Commercial Water Users with 3/4 inch meters	2,793	2,400	2,275	2,128	2,068
Number of Residential/Commercial Water Users with larger than 3/4 inch meters	689	406	329	338	330
Number of Residential/Commercial Sewer Users	2,727	2,226	1,860	1,670	1,663
Number of Residential/Commercial Water Users with larger than 4 inch meters	NA	N/A	N/A	N/A	N/A

TABLE 18 – WATER AND WASTEWATER SYSTEM REVENUE AND EXPENDITURES

	Fiscal Year Ended September 30,				
	2015	2014	2013	2012	2011
Revenues					
Water Sales	\$ 3,489,083	\$ 2,780,983	\$ 2,772,632	\$ 2,548,942	\$ 2,549,933
Sewer Sales	1,409,070	1,160,403	1,060,773	994,332	946,269
Garbage Fees	405,433	402,514	359,565	328,534	308,022
Penalties	73,654	58,682	70,447	66,785	70,218
Tap and Reconnect Fees	832,360	633,765	187,691	146,007	107,470
Water and Sewer Impact Fees	1,113,065	977,688	234,750	203,756	143,829
Other Revenues	195,666	140,276	95,652	89,570	64,401
Total Revenues	\$ 7,518,331	\$ 6,154,311	\$ 4,781,510	\$ 4,377,926	\$ 4,190,142
Expenses					
Salaries	\$ 545,287	\$ 373,648	\$ 355,949	\$ 319,695	\$ 328,438
Garbage fees	354,733	368,754	341,359	321,236	307,009
Licenses and permits	-	-	10,181	8,369	6,993
Materials and supplies	260,113	104,757	104,207	73,336	106,768
Engineering	-	-	142,041	82,341	5,737
Postage	29,282	30,120	23,072	23,881	21,089
Repairs and facility maintenance	182,113	177,015	145,546	276,330	119,667
General insurance	14,402	11,914	9,787	12,949	5,449
Vehicle expense	-	-	35,736	36,122	34,739
Utilities and telephone	254,778	252,189	237,511	218,316	243,239
Chemicals	-	-	18,330	18,132	23,785
Water purchases and related fees	1,606,698	1,344,283	1,272,029	1,190,776	1,134,597
Capital outlay	-	-	-	-	-
Bad debt provision	-	-	-	-	611
Depreciation & amortization	598,135	456,509	446,013	469,758	529,712
Other expense	79,333	28,040	24,450	51,730	28,664
Total Expenses	\$ 3,924,874	\$ 3,147,229	\$ 3,166,211	\$ 3,102,971	\$ 2,896,497
Non-Operating Revenues (Expenses)					
Interest Income	\$ 39,470	\$ 10,153	\$ 38,126	\$ 28,306	\$ 9,245
Gain on sale of fixed assets	-	1,550	-	-	830
Bond issuance costs	(40,124)	-	-	-	-
Interest and fiscal charges	(319,811)	(349,553)	(298,123)	(469,086)	(409,838)
Total Nonoperating Revenues (Expenses)	\$ (320,465)	\$ (337,850)	\$ (259,997)	\$ (440,780)	\$ (399,763)
Capital grants	\$ 45,289	\$ -	\$ -	\$ 70,000	\$ -
Transfers in for debt service	-	-	-	-	-
Operating Transfer In (Out)	(395,000)	(348,050)	(345,000)	(95,000)	(75,000)
Change in Net Assets	2,923,281	2,321,182	1,010,302	809,175	818,882
Total net assets, October 1	10,693,409	8,372,227	7,361,925	6,873,536	6,054,654
Prior Period Adjustment	79,110	-	-	(320,786)	-
Total net assets, September 30	\$ 13,695,800	\$ 10,693,409	\$ 8,372,227	\$ 7,361,925	\$ 6,873,536

TABLE 19 - MUNICIPAL SALES TAX HISTORY

The City has adopted the Municipal Sales and Use Tax Act, Texas Tax Code, Chapter 321, which grants the City the power to impose and levy a 1% Local Sales and Use Tax within the City; the proceeds are credited to the General Fund and are not pledged to the payment of the Certificates. Additionally, the City's voters approved a sales and use tax of 1/2 of 1% for the Celina Economic Development Corporation (4A), effective October of 1995, and a sales and use tax of 1/2 of 1% for the Celina Community Development Corporation (4B), effective April of 2004. Collections and enforcements are effected through the offices of the State Comptroller of Public Accounts, who remits the proceeds of the tax, after deduction of a 2% service fee, to the City monthly.

Year Ended 9/30	Total Collected ⁽¹⁾	1% Tax Collections ⁽²⁾	% of Ad Valorem Tax Levy	of Ad Valorem Tax Rate	Per Capita
2011	\$ 561,849	\$ 280,925	9.60%	\$ 0.1237	\$ 82.87
2012	655,529	327,765	11.01%	0.1420	85.97
2013	737,081	368,540	11.83%	0.1540	85.95
2014	968,298	484,149	14.74%	0.1914	112.59
2015	1,184,753	592,376	16.69%	0.2153	135.40
2016 ⁽³⁾	1,102,018	551,009	12.91%	0.1666	122.07

(1) As reported by the Texas Comptroller of Public Accounts.

(2) Figures refer only to the City's 1% tax collections and exclude the 1/2% additional collection for each of 4A and 4B economic and community development (1% total additional collections.)

(3) Collections through July 2016.

FINANCIAL POLICIES

BASIS OF ACCOUNTING. . . All governmental funds and agency funds are accounted for using the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

The more significant revenues which are treated as susceptible to accrual under the modified accrual basis are property taxes, intergovernmental revenues, charges for services, and interest. Other revenue sources are not considered measurable and available, and are not treated as susceptible to accrual.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when they are incurred.

GENERAL FUND BALANCE . . . The City's goal is to maintain surplus and unencumbered funds equal to 15%-25% of expenditures in the General Fund. This allows the City to avoid interim borrowing pending tax receipts.

USE OF CERTIFICATE PROCEEDS . . . The City's policy is to use Certificate proceeds for capital expenditures related to the purposes specified in the Ordinance and for no other purpose. Such revenues are never to be used to fund City operations.

BUDGETARY PROCEDURES. . . The City Charter establishes the fiscal year as the twelve-month period beginning October 1. The departments submit to the City Manager a budget of estimated expenditures for the ensuing fiscal year by the first of July. The City Manager subsequently submits a budget of estimated expenditures and revenues to the City Council by August 15. The City Council then holds a public hearing on the budget. The Council shall then make any changes in the budget as it deems advisable and shall adopt a budget prior to September 30.

FUND INVESTMENTS. . . The City investment policy parallels State law which governs investment of public funds. The City generally restricts investments to direct obligations of the United States Government and to insured or collateralized bank certificates of deposits. Both state law and the City's investment policies are subject to change.

INVESTMENTS

The City invests its investable funds in investments authorized by State law in accordance with investment policies approved by the City Council of the City. Both State law and the City's investment policies are subject to change.

LEGAL INVESTMENTS. . . Under State law, the City is authorized to invest in investments meeting the requirements of the Texas Public Funds Investment Act (Chapter 2256, Texas Government Code, as amended, the "PFIA") which may include: (1) obligations of the United States or its agencies and instrumentalities, including letters of credit, (2) direct obligations of the State or its agencies and instrumentalities; (3) collateralized mortgage obligations directly issued by a federal agency or instrumentality of the United States, the underlying security for which is guaranteed by an agency or instrumentality of the United States; (4) other obligations, the principal and interest of which is guaranteed or insured by or backed by the full faith and credit of, the State or the United States or their respective agencies and instrumentalities; (5) obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than A or its equivalent; (6) bonds issued, assumed or guaranteed by the State of Israel; (7) certificates of deposit or share certificates (i) that are issued by an institution that has its main office or a branch office in the State of Texas and are guaranteed or insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund, or their respective successors, and are secured as to principal by obligations described in clauses (1) through (6) or in any other manner and provided for by law for City deposits, or (ii) where (a) the funds are invested by the City through (A) a broker that has its main office or a branch office in the State of Texas and is selected from a list adopted by the City as required by law, or (B) a depository institution that has its main office or branch office in the State of Texas that is selected by the City, (b) the broker or the depository institution selected by the City arranges for the deposit of the funds in certificates of deposit in one or more federally insured depository institutions, wherever located, for the account of the City, (c) the full amount of the principal and accrued interest of each of the certificates of deposit is insured by the United States or an instrumentality of the United States, and (d) the City appoints the depository institution selected under (a) above, a custodian as described by Section 2257.041(d) of the Texas Government Code, or a clearing broker-dealer registered with the Securities and Exchange Commission and operating pursuant to Securities and Exchange Commission Rule 15c3-3 (17 C.F.R. Section 240.15c3-3) as custodian for the City with respect to the certificates of deposit; (8) fully collateralized repurchase agreements that (i) have a defined termination date, (ii) are fully secured by a combination of cash and obligations described in clause (1) above, (iii) require the securities being purchased by the City or cash held by the City to be pledged to the City, held in the City's name, and deposited at the time the investment is made with the City or with a third party selected and approved by the City, and (iv) are placed through a primary government securities dealer, as defined by the Federal Reserve, or a financial institution doing business in the State of Texas; (9) certain bankers' acceptances with the remaining term of 270 days or less, if the short-term obligations of the accepting bank or its parent are rated at least A-1 or P-1 or the equivalent by at least one nationally recognized credit rating agency, (10) commercial paper with a stated maturity of 270 days or less that is rated at least A-1 or P-1 or the equivalent by either (a) two nationally recognized credit rating agencies or (b) one nationally recognized credit rating agency if the paper is fully secured by an irrevocable letter of credit issued by a U.S. or state bank, (11) no-load money market mutual funds registered with and regulated by the Securities and Exchange Commission that have a dollar weighted average stated maturity of 90 days or less and include in their investment objectives the maintenance of a stable net asset value of \$1 for each share, and (12) no-load mutual funds registered with the Securities and Exchange Commission that have an average weighted maturity of less than two years, invest exclusively in obligations described in this paragraph, and are continuously rated as to investment quality by at least one nationally recognized investment rating firm of not less than AAA or its equivalent. If specifically authorized in the authorizing document, bond proceeds may be invested in guaranteed investment contracts that have a defined termination date and are secured by obligations of the United States or its agencies and instrumentalities in an amount at least equal to the amount of bond proceeds invested under such contract, other than the prohibited obligations described in the next succeeding paragraph. The City may also be eligible to invest its funds in additional investments authorized by the Public Funds Investment Act as the same may be amended from time to time.

The City may invest in such obligations directly or through government investment pools that invest solely in such obligations provided that the pools are rated no lower than AAA or AAAM or an equivalent by at least one nationally recognized rating service. The City is specifically prohibited from investing in: (1) obligations whose payment represents the coupon payments on the outstanding principal balance of the underlying mortgage-backed security collateral and pays no principal; (2) obligations whose payment represents the principal stream of cash flow from the underlying mortgage-backed security and bears no interest; (3) collateralized mortgage obligations that have a stated final maturity of greater than 10 years; and (4) collateralized mortgage obligations the interest rate of which is determined by an index that adjusts opposite to the changes in a market index.

Governmental bodies in the State are also authorized to implement securities lending programs if (i) the securities loaned under the program are 100% collateralized, a loan made under the program allows for termination at any time and a loan made under the program is either secured by (a) obligations that are described in clauses (1) through (6) of the first paragraph under this subcaption, (b) irrevocable letters of credit issued by a state or national bank that is continuously rated by a nationally recognized investment rating firm not less than "A" or its equivalent, or (c) cash invested in obligations that are described in clauses (1) through (6) and (10) through (12) of the first paragraph under this subcaption, or an authorized investment pool; (ii) securities held as collateral under a loan are pledged to the governmental body, held in the name of the governmental body and deposited at the time the investment is made with the City or a third party designated by the City; (iii) a loan made under the program is placed through either a primary government securities dealer or a financial institution doing business in the State of Texas; and (iv) the agreement to lend securities has a term of one year or less.

INVESTMENT POLICIES. . . Under State law, the City is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity; that address investment diversification, yield, maturity, and the quality and capability of investment management; and that includes a list of authorized investments for City funds, maximum allowable stated maturity of any individual investment and the maximum average dollar-weighted maturity allowed for pooled fund groups, methods to monitor the market price of investments acquired with public funds, a requirement for settlement of all transactions, except for investment pool funds and mutual funds, on a delivery versus payment basis and procedures to monitor rating changes in investments acquired with public funds and the liquidation of such investments consistent with the PFIA. All City funds must be invested consistent with a formally adopted "Investment Strategy Statement" that specifically addresses each funds' investment. Each Investment Strategy Statement will describe its objectives concerning: (1) suitability of investment type, (2) preservation and safety of principal, (3) liquidity, (4) marketability of each investment, (5) diversification of the portfolio, and (6) yield.

Under State law, City investments must be made "with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived." At least quarterly the investment officers of the City shall submit an investment report detailing: (1) the investment position of the City, (2) that all investment officers jointly prepared and signed the report, (3) the beginning market value, the ending market value, and the fully accrued interest of each pooled fund group, (4) the book value and market value of each separately listed asset at the beginning and end of the reporting period, (5) the maturity date of each separately invested asset, (6) the account or fund or pooled fund group for which each individual investment was acquired, and (7) the compliance of the investment portfolio as it relates to: (a) adopted investment strategy statements and (b) state law. No person may invest City funds without express written authority from the City Council.

ADDITIONAL PROVISIONS . . . Under State law the City is additionally required to: (1) annually review its adopted policies and strategies; (2) adopt a rule, order, ordinance or resolution stating that it has reviewed its investment policy and investment strategies and records any changes made to either its investment policy or investment strategy in the respective rule, order, ordinance or resolution; (3) require any investment officers with personal business relationships or relatives with firms seeking to sell securities to the entity to disclose the relationship and file a statement with the Texas Ethics Commission and the City Council; (4) require the qualified representative of firms offering to engage in an investment transaction with the City to: (a) receive and review the City's investment policy, (b) acknowledge that reasonable controls and procedures have been implemented to preclude investment transactions conducted between the City and the business organization that are not authorized by the City's investment policy (except to the extent that this authorization is dependent on an analysis of the makeup of the City's entire portfolio and requires an interpretation of subjective investment standards) and (c) deliver a written statement in a form acceptable to the City and the business organization attesting to these requirements; (5) perform an annual audit of the management controls on investments and adherence to the City's investment policy; (6) provide specific investment training for the City's designated Investment Officer; (7) restrict reverse repurchase agreements to not more than 90 days and restrict the investment of reverse repurchase agreement funds to no greater than the term of the reverse purchase agreement; (9) require local government investment pools to conform to the new disclosure, rating, net asset value, yield calculation, and advisory board requirements, and (10) at least annually review, revise, and adopt a list of qualified brokers that are authorized to engage in investment transactions with the City.

TABLE 20 - CURRENT INVESTMENTS

As of June 1, 2016 the City's investable funds were invested in the following categories:

Type of Investments	Book Value	
	Amount	Percent
Money Market Account	\$ 12,588,604	99.96%
TexPool	5,559	0.04%
	<u>\$ 12,594,163</u>	<u>100.00%</u>

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TAX MATTERS

TAX EXEMPTION . . . The delivery of the Certificates is subject to the opinion of Bond Counsel to the effect that interest on the Certificates for federal income tax purposes (1) will be excludable from gross income, as defined in section 61 of the Internal Revenue Code of 1986, as amended to the date of such opinion (the "Code"), pursuant to section 103 of the Code and existing regulations, published rulings, and court decisions, and (2) will not be included in computing the alternative minimum taxable income of the owners thereof who are individuals or, except as hereinafter described, corporations. A form of Bond Counsel's opinion is reproduced as Appendix C. The statutes, regulations, rulings, and court decisions on which such opinion is based are subject to change.

Interest on the Certificates owned by a corporation will be included in such corporation's adjusted current earnings for purposes of calculating the alternative minimum taxable income of such corporation, other than an S corporation, a qualified mutual fund, a real estate investment trust, a real estate mortgage investment conduit, or a financial asset securitization investment trust ("FASIT"). A corporation's alternative minimum taxable income is the basis on which the alternative minimum tax imposed by Section 55 of the Code will be computed.

In rendering the foregoing opinion, Bond Counsel will rely upon representations and certifications of the City made in a certificate dated the date of delivery of the Certificates pertaining to the use, expenditure, and investment of the proceeds of the Certificates and will assume continuing compliance by the City with the provisions of the Ordinance subsequent to the issuance of the Certificates. The Ordinance contains covenants by the City with respect to, among other matters, the use of the proceeds of the Certificates and the facilities financed therewith by persons other than state or local governmental units, the manner in which the proceeds of the Certificates are to be invested, the periodic calculation and payment to the United States Treasury of arbitrage "profits" from the investment of proceeds, and the reporting of certain information to the United States Treasury. Failure to comply with any of these covenants may cause interest on the Certificates to be includable in the gross income of the owners thereof from the date of the issuance of the Certificates.

Bond Counsel's opinion is not a guarantee of a result, but represents its legal judgment based upon its review of existing statutes, regulations, published rulings and court decisions and the representations and covenants of the City described above. No ruling has been sought from the Internal Revenue Service (the "IRS") with respect to the matters addressed in the opinion of Bond Counsel, and Bond Counsel's opinion is not binding on the IRS. The IRS has an ongoing program of auditing the tax-exempt status of the interest on tax-exempt obligations. If an audit of the Certificates is commenced, under current procedures the IRS is likely to treat the City as the "taxpayer," and the owners of the Certificates would have no right to participate in the audit process. In responding to or defending an audit of the tax-exempt status of the interest on the Certificates, the City may have different or conflicting interests from the owners of the Certificates. Public awareness of any future audit of the Certificates could adversely affect the value and liquidity of the Certificates during the pendency of the audit, regardless of its ultimate outcome.

Except as described above, Bond Counsel expresses no other opinion with respect to any other federal, state or local tax consequences under present law, or proposed legislation, resulting from the receipt or accrual of interest on, or the acquisition or disposition of, the Certificates. Prospective purchasers of the Certificates should be aware that the ownership of tax-exempt obligations such as the Certificates may result in collateral federal tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, certain foreign corporations doing business in the United States, S corporations with subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Prospective purchasers should consult their own tax advisors as to the applicability of these consequences to their particular circumstances.

Existing law may change to reduce or eliminate the benefit to owners of the Certificates of the exclusion of interest on the Certificates from gross income for federal income tax purposes. Any proposed legislation or administrative action, whether or not taken, could also affect the value and marketability of the Certificates. Prospective purchasers of the Certificates should consult with their own tax advisors with respect to any proposed or future changes in tax law.

TAX ACCOUNTING TREATMENT OF DISCOUNT AND PREMIUM ON CERTAIN CERTIFICATES . . . The initial public offering price of certain Certificates (the "Discount Certificates") may be less than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Discount Certificate (assuming that a substantial amount of the Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes original issue discount to the initial purchaser of such Discount Certificate. A portion of such original issue discount allocable to the holding period of such Discount Certificate by the initial purchaser will, upon the disposition of such Discount Certificate (including by reason of its payment at maturity), be treated as interest excludable from gross income, rather than as taxable gain, for federal income tax purposes, on the same terms and conditions as those for other interest on the Certificates described above under "Tax Exemption." Such interest is considered to be accrued actuarially in accordance with the constant interest method over the life of a Discount Certificate, taking into account the semiannual compounding of accrued interest, at the yield to maturity on such Discount Certificate and generally will be allocated to an initial purchaser in a different amount from the amount of the payment denominated as interest actually received by the initial purchaser during the tax year.

However, such interest may be required to be taken into account in determining the alternative minimum taxable income of a corporation, for purposes of calculating a corporation's alternative minimum tax imposed by Section 55 of the Code, and the amount of the branch profits tax applicable to certain foreign corporations doing business in the United States, even though there will not be a corresponding cash payment. In addition, the accrual of such interest may result in certain other collateral federal income tax consequences to, among others, financial institutions, life insurance companies, property and casualty insurance companies, S corporations with "subchapter C" earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, individuals otherwise qualifying for the earned income tax credit, owners of an interest in a FASIT, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry, or who have paid or incurred certain expenses allocable to, tax-exempt obligations. Moreover, in the event of the redemption, sale or other taxable disposition of a Discount Certificate by the initial owner prior to maturity, the amount realized by such owner in excess of the basis of such Discount Certificate in the hands of such owner (adjusted upward by the portion of the original issue discount allocable to the period for which such Discount Certificate was held) is includable in gross income.

Owners of Discount Certificates should consult with their own tax advisors with respect to the determination of accrued original issue discount on Discount Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Discount Certificates. It is possible that, under applicable provisions governing determination of state and local income taxes, accrued interest on Discount Certificates may be deemed to be received in the year of accrual even though there will not be a corresponding cash payment.

The initial public offering price of certain Certificates (the "Premium Certificates") may be greater than the amount payable on such Certificates at maturity. An amount equal to the difference between the initial public offering price of a Premium Certificate (assuming that a substantial amount of the Certificates of that maturity are sold to the public at such price) and the amount payable at maturity constitutes premium to the initial purchaser of such Premium Certificates. The basis for federal income tax purposes of a Premium Certificate in the hands of such initial purchaser must be reduced each year by the amortizable bond premium, although no federal income tax deduction is allowed as a result of such reduction in basis for amortizable bond premium. Such reduction in basis will increase the amount of any gain (or decrease the amount of any loss) to be recognized for federal income tax purposes upon a sale or other taxable disposition of a Premium Certificate. The amount of premium which is amortizable each year by an initial purchaser is determined by using such purchaser's yield to maturity.

Purchasers of the Premium Certificates should consult with their own tax advisors with respect to the determination of amortizable bond premium on Premium Certificates for federal income tax purposes and with respect to the state and local tax consequences of owning and disposing of Premium Certificates.

CONTINUING DISCLOSURE OF INFORMATION

In the Ordinance, the City has made the following agreement for the benefit of the holders and beneficial owners of the Certificates. The City is required to observe the agreement for so long as it remains obligated to advance funds to pay the Certificates. Under the agreement, the City will be obligated to provide certain updated financial information and operating data annually, and timely notice of specified material events, to the Municipal Securities Rulemaking Board (the "MSRB"). The MSRB has established the Electronic Municipal Market Access ("EMMA") system to make such continuing disclosure available to investors free of charge. Investors may access continuing disclosure information filed with the MSRB at www.emma.msrb.org.

ANNUAL REPORTS . . . The City will provide certain updated financial information and operating data to the MSRB annually. The City shall provide annually to the MSRB (1) within six months after the end of each fiscal year ending in or after 2016, financial information and operating data with respect to the City of the general type of information contained in Tables 1 through 6, 8 through 14, and 19 through 20 in the Official Statement, and (2) within twelve months after the end of each fiscal year ending in or after 2016, audited financial statements of the City. Any financial statements so provided shall be prepared in accordance with the accounting principles described in described in Appendix B to the Official Statement, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation. If audited financial statements are not available within 12 months after the end of any fiscal year, the City will provide unaudited financial statements by the required time, and audited financial statements when and if such audited financial statements become available. Any such financial statements will be prepared in accordance with the accounting principles described in Appendix B or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation.

The financial information and operating data to be provided may be set forth in full in one or more documents or may be included by specific reference to any document available to the public on the MSRB's internet web site or filed with the SEC as permitted by the Rule.

The City's current fiscal year end is September 30. Accordingly, it must provide updated information in the numbered tables above by March 31 in each year and audited financial statements (or unaudited financial statements if audited financial statements are not yet available) by September 30, unless the City changes its fiscal year. If the City changes its fiscal year, it will notify the MSRB of the change.

NOTICE OF CERTAIN EVENTS... The City will also provide the following to the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of any of the following events with respect to the Certificates: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5702-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates; (7) modifications to rights of holders of the Certificates, if material; (8) Certificate calls, if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Certificates, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (14) appointment of a successor or additional paying agent/registrars or the change of name of a paying agent/registrars, if material. In addition, the City will provide to the MSRB, in a timely manner, notice of any failure by the City to provide the required annual financial information described above under "Annual Reports" and any notices of events in accordance with this section.

For these purposes, any event described in (12) in the immediately preceding paragraph is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the City, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement, or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

AVAILABILITY OF INFORMATION. . . The City has agreed to provide the foregoing financial and operating information only as described above. Investors may access continuing disclosure information filed with the MSRB free of charge at www.emma.msrb.org.

LIMITATIONS AND AMENDMENTS . . . The City has agreed to update information and to provide notices of certain events only as described above. The City has not agreed to provide other information that may be relevant or material to a complete presentation of its financial results of operations, condition, or prospects or agreed to update any information that is provided, except as described above. The City makes no representation or warranty concerning such information or concerning its usefulness to a decision to invest in or sell Certificates at any future date. The City disclaims any contractual or tort liability for damages resulting in whole or in part from any breach of its continuing disclosure agreement or from any statement made pursuant to its agreement, although holders of Certificates may seek a writ of mandamus to compel the City to comply with its agreement. The City may amend its continuing disclosure agreement from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, if (i) the agreement, as amended, would have permitted an Purchaser to purchase or sell Certificates in the offering described herein in compliance with the Rule, taking into account any amendments or interpretations of the Rule to the date of such amendment, as well as such changed circumstances, and (ii) either (a) the holders of a majority in aggregate principal amount of the respective outstanding Certificates consent to the amendment or (b) any person unaffiliated with the City (such as nationally recognized bond counsel) determines that the amendment will not materially impair the interests of the holders and beneficial owners of the Certificates. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provisions of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an Purchaser from lawfully purchasing or selling Certificates in the primary offering of the Certificates. If the City so amends its continuing disclosure agreement, it has agreed to include with the next financial information and operating data provided in accordance with its agreement described above under "Annual Reports" an explanation, in narrative form, of the reasons for the amendment and of the impact of any change in the type of financial information and operating data so provided.

COMPLIANCE WITH PRIOR UNDERTAKINGS. . . Due to an administrative oversight, the City did not make its 2009 Continuing Disclosure Filing, consisting of its 2009 Audited Financial Statements and Annual Financial Information and Operating Data, until December 22, 2010. The City also filed a Notice of Failure to File Disclosure on December 22, 2010. The City has now implemented additional procedures to ensure timely and complete filings of its 15c2-12 information in the future. Except as described in this paragraph, during the last five years, the City has complied in all material respects with its continuing disclosure agreements made in accordance with the Rule.

OTHER INFORMATION

RATINGS

The Certificates are rated "AA-", Standard & Poor's ("S&P") without regard to credit enhancement. An explanation of the significance of such rating may be obtained from the company furnishing the rating. The rating reflects only the views of such organization and the City makes no representation as to the appropriateness of the rating. There is no assurance that such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating company, if in the judgment of the company, circumstances so warrant. Any such downward revision or withdrawal of such rating, may have an adverse effect on the market price of the Certificates.

LITIGATION

It is the opinion of the City Attorney and City Staff that there is no pending litigation against the City that would have a material adverse financial impact upon the City or its operations.

REGISTRATION AND QUALIFICATION OF CERTIFICATES FOR SALE

The sale of the Certificates have not been registered under the Federal Securities Act of 1933, as amended, in reliance upon the exemption provided thereunder by Section 3(a)(2); and the Certificates have not been qualified under the Securities Act of Texas in reliance upon various exemptions contained therein; nor have the Certificates been qualified under the securities acts of any jurisdiction. The City assumes no responsibility for qualification of the Certificates under the securities laws of any jurisdiction in which the Certificates may be sold, assigned, pledged, hypothecated or otherwise transferred. This disclaimer of responsibility for qualification for sale or other disposition of the Certificates shall not be construed as an interpretation of any kind with regard to the availability of any exemption from securities registration provisions.

LEGAL INVESTMENTS AND ELIGIBILITY TO SECURE PUBLIC FUNDS IN TEXAS

Section 1201.041 of the Public Security Procedures Act (Chapter 1201, Texas Government Code) provides that the Certificates are negotiable instruments and investment securities governed by Chapter 8, Texas Business and Commerce Code, and are legal and authorized investments for insurance companies, fiduciaries, and trustees, and for the sinking funds of municipalities or other political subdivisions or public agencies of the State. With respect to investment in the Certificates by municipalities or other political subdivisions or public agencies of the State, the Public Funds Investment Act, Chapter 2256, Texas Government Code, requires that the Certificates be assigned a rating of not less than "A" or its equivalent as to investment quality by a national rating agency (see "OTHER INFORMATION - Ratings" herein). In addition, various provisions of the Texas Finance Code provide that, subject to a prudent investor standard, the Certificates are legal investments for state banks, savings banks, trust companies with capital of one million dollars or more, and savings and loan associations. The Certificates are eligible to secure deposits of any public funds of the State, its agencies, and its political subdivisions, and are legal security for those deposits to the extent of their market value. No review by the City has been made of the laws in other states to determine whether the Certificates are legal investments for various institutions in those states.

No representation is made that the Certificates will be acceptable to public entities to secure their deposits or acceptable to such institutions for investment purposes. The City has made no investigation of other laws, rules, regulations or investment criteria which might apply to any such persons or entities or which might otherwise limit the suitability of the Certificates for any of the foregoing purposes or limit the authority of such persons or entities to purchase or invest in the Certificates for such purposes.

LEGAL OPINIONS AND NO LITIGATION CERTIFICATE

The City will furnish the Purchaser a complete transcript of proceedings incident to the authorization and issuance of the Certificates, including the unqualified approving legal opinion of the Attorney General of Texas approving the Initial Certificate and to the effect that the Certificates are valid and legally binding obligations of the City and, based upon examination of such transcripts of proceedings, the approving legal opinion of Bond Counsel, to like effect and to the effect that the interest on the Certificates will be excludable from gross income for federal income tax purposes under Section 103(a) of the Code, subject to the matters described under "TAX MATTERS" herein, including the alternative minimum tax on corporations. The customary closing papers, including a certificate of the City as described under "OTHER INFORMATION - Certification of the Official Statement" will also be furnished to the Purchaser. Though it represents the Financial Advisor and investment banking firms such as the Purchaser from time to time in matters unrelated to the issuance of the Certificates, Bond Counsel has been engaged by and only represents the City in connection with the issuance of the Certificates. Bond Counsel was not requested to participate, and did not take part, in the preparation of the Notice of Sale and Bidding Instructions, the Official Bid Form and the Official Statement, and such firm has not assumed any responsibility with respect thereto or undertaken independently to verify any of the information contained therein, except that, in its capacity as Bond Counsel, such firm has reviewed the information describing the Certificates in the Official Statement to verify that such description conforms to the provisions of the Ordinance. The legal fee to be paid Bond Counsel for services rendered in connection with the issuance of the Certificates is contingent on the sale and delivery of the Certificates. Certain legal matters will be passed upon for the City by McCall, Parkhurst & Horton, L.L.P., Disclosure Counsel.

The legal fee to be paid to Disclosure Counsel for services rendered in connection with the issuance of the Certificates is contingent upon the sale and delivery of the Certificates.

The various legal opinions to be delivered concurrently with the delivery of the Certificates express the professional judgment of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorney does not become an insurer or guarantor of the expression of professional judgment, of the transaction opined upon, or of the future performance of the parties to the transaction. Nor does the rendering of an opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

FINANCIAL ADVISOR

FirstSouthwest, a Division of Hilltop Securities Inc., is employed as Financial Advisor to the City in connection with the issuance of the Certificates. The Financial Advisor's fee for services rendered with respect to the sale of the Certificates is contingent upon the issuance and delivery of the Certificates. FirstSouthwest, a Division of Hilltop Securities Inc., in its capacity as Financial Advisor, does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal income tax status of the Certificates, or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. In the normal course of business, the Financial Advisor may from time to time sell investment securities to the City for the investment of certificate proceeds or other funds of the City upon the request of the City.

The Financial Advisor to the City has provided the following sentence for inclusion in this Official Statement. The Financial Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the City and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Financial Advisor does not guarantee the accuracy or completeness of such information.

INITIAL PURCHASER OF THE CERTIFICATES

After requesting competitive bids for the Certificates, the City accepted the bid of Raymond James & Associates Inc. (the "Purchaser" or "Initial Purchaser") to purchase the Certificates at the interest rates shown on page 2 of the Official Statement at a price of 103.876067 % of par. The Initial Purchaser can give no assurance that any trading market will be developed for the Certificates after their sale by the City to the Initial Purchaser. The City has no control over the price at which the Certificates are subsequently sold and the initial yields at which the Certificates will be priced and reoffered will be established by and will be the responsibility of the Initial Purchaser.

FORWARD-LOOKING STATEMENTS DISCLAIMER

The statements contained in this Official Statement, and in any other information provided by the City, that are not purely historical, are forward-looking statements, including statements regarding the City's expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to the City on the date hereof, and the City assumes no obligation to update any such forward-looking statements. The City's actual results could differ materially from those discussed in such forward-looking statements.

The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal, and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial, and other governmental authorities and officials. Assumptions related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business decisions, all of which are difficult or impossible to predict accurately and many of which are beyond the control of the City. Any of such assumptions could be inaccurate and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement will prove to be accurate.

CERTIFICATION OF THE OFFICIAL STATEMENT

At the time of payment for and delivery of the Certificates, the City will furnish the Purchaser a certificate, executed by an authorized representative of the City, acting in such person's representative capacity, to the effect that to the best of such person's knowledge and belief: (a) the descriptions and statements of or pertaining to the City contained in the Official Statement, and any addenda, supplement or amendment thereto, on the date of the Official Statement, on the date of sale of the Certificates and the acceptance of the best bid therefor, and on the date of the delivery, were and are true and correct in all material respects; (b) insofar as the City and its affairs, including its financial affairs, are concerned, the Official Statement did not and does not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading in any material respect; (c) insofar as the descriptions and statements, including financial data, of or pertaining to entities, other than the City, and their activities contained in the Official Statement are concerned, such statements and data have been obtained from sources which the City believes to be reliable and the City has no reason to believe that they are untrue in any material respect; and (d) there has been no material adverse change in the financial condition of the City since the date of the last audited financial statements of the City.

The Ordinance has approved the form and content of this Official Statement, and any addenda, supplement or amendment thereto, and authorizes its further use in the reoffering of the Certificates by the Purchaser.

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ATTEST:

/s/ Vicki Faulkner
City Secretary
City of Celina, Texas

/s/ Sean Terry
Mayor
City of Celina, Texas

APPENDIX A

GENERAL INFORMATION REGARDING THE CITY

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THE CITY

LOCATION

The City of Celina is located in north central Collin and Denton Counties, thirty-five miles north of Dallas and fifteen miles south of the City of McKinney. Access to the City is provided by State Highway 289 and Farm Road 455. The City covers approximately 1.7 square miles. The City's location as part of the growing Dallas-Fort Worth Metroplex has resulted in rapid growth over the last several years. The City's 2010 census figure was 6,028. The City's current population estimate is 9,028.

ECONOMY

Major employers in the City are:

Employer	Type of Business	Employees
Celina ISD	Education	274
Brookshire	Retail Grocery	78
City of Celina	Government	41
Fini Enterprises Inc.	Chemical Manufacturing	40
Celina Ready-Mix Concrete	Cement Manufacturing	20
Independent Bank	Banking	20
Dickerson Construction	Construction	17

Source: Municipal Advisory Council of Texas.

EDUCATION

The City is served by the Celina Independent School District (the "District"). The District is comprised of four campuses, 1 elementary school for grades pre-kindergarten through second, 1 intermediate school for grades third through fifth, 1 middle school for grades sixth through eighth and 1 high school for grades ninth through twelfth. All campuses offer enriched curricula with special programs for gifted/talented students as well as students achieving below grade level, and all are equipped with computers and full cafeteria service. The District has 274 employees, 153 of whom are classroom teachers. The District's 2012-2013 active enrollment is 2,029 students.

RESIDENTIAL AND COMMERCIAL BUILDING CONSTRUCTION

Fiscal Year Ended 9-30	Residential		Commercial		Total	
	Number of Permits	Property Value \$ Amount	Number of Permits	Property Value \$ Amount	Number of Permits	Property Value \$ Amount
2009	23	\$ 6,362,990	0	\$ -	23	\$ 6,362,990
2010	52	14,326,150	0	-	52	14,326,150
2011	82	24,040,307	2	1,367,500	84	25,407,807
2012	87	30,944,400	0	-	87	30,944,400
2013	97	36,479,908	0	-	97	36,479,908
2014	346	122,602,573	3	3,685,234	349	126,287,807
2015	448	158,745,528	0	-	448	158,745,528
2016 (1)	373	150,053,825	0	-	373	150,053,825

Source: City Staff.

(1) As of May 31, 2016.

HISTORICAL EMPLOYMENT (AVERAGE ANNUAL) ⁽¹⁾

Collin County

	Average Annual				
	2015 ⁽²⁾	2015	2014	2013	2012
Civilian Labor Force	499,591	484,121	471,554	458,845	450,346
Total Employed	483,806	466,489	450,277	432,890	422,620
Total Unemployed	15,785	17,632	21,277	25,955	27,726
Unemployment Rate	3.2%	3.6%	4.5%	5.7%	6.2%

(1) Source: Texas Workforce Commission.

(2) Data through May, 2016.

APPENDIX B

EXCERPTS FROM THE
CITY OF CELINA, TEXAS

ANNUAL FINANCIAL REPORT

For the Year Ended September 30, 2015

The information contained in this Appendix consists of excerpts from the City of Celina, Texas Annual Financial Report for the Year Ended September 30, 2015, and is not intended to be a complete statement of the City's financial condition. Reference is made to the complete Report for further information.

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Independent Auditor's Report

To the City Council
City of Celina, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of City of Celina, Texas ("City") as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of City of Celina, Texas as of September 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, schedule of changes in net pension liability and related ratios, and schedule of contributions on pages 7 through 21, and pages 55 through 57, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Celina, Texas basic financial statements as a whole. The supplementary schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The supplementary schedules have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Respectfully submitted,

Scott, Singleton, Fincher and Company, PC

Scott, Singleton, Fincher and Company, PC
Certified Public Accountants

February 8, 2016

REQUIRED SUPPLEMENTARY INFORMATION