

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF NAVARRO §
CITY OF CORSICANA §

We, the undersigned officers of said City, hereby certify as follows:

1. The City Council of said City convened in regular meeting on April 9, 2018 at the City Hall, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

Don Denbow, Mayor	Susan Hale, Councilmember
Ruby Williams, Councilmember	John McClung, Councilmember
Jeff Smith, Councilmember	

and all of said persons were present, except _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at said Meeting: a written

AUTHORIZING THE ISSUANCE AND SALE OF CITY OF CORSICANA, TEXAS, GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2018, LEVYING AN ANNUAL AD VALOREM TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS, APPROVING AN OFFICIAL STATEMENT, AUTHORIZING THE EXECUTION OF A PURCHASE AGREEMENT, PAYING AGENT REGISTRAR AGREEMENT AND ESCROW AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

was duly introduced for the consideration of said City Council. It was then duly moved and seconded that said Ordinance be adopted and, after due discussion, said motion, carrying with it the adoption of said Ordinance, prevailed and carried by the following vote:

AYES: ___ NOES: ___ ABSTAIN: ___

2. A true, full and correct copy of the aforesaid Ordinance passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate; that said Ordinance has been duly recorded in the City Council's minutes of said Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from said City Council's minutes of said Meeting pertaining to the passage of said Ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of said City Council as indicated therein; that each of the officers and members of said City Council was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the aforesaid Meeting, and that said Ordinance would be introduced and considered for passage at said Meeting, and each of said officers and members consented, in advance, to the holding of said Meeting for such purpose, and that said Meeting was open to the public and public notice of the time, place and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code.

3. The Mayor of the City Council of the City has approved and hereby approves the aforesaid Ordinance; that the Mayor and the City Secretary of said City have duly signed said Ordinance; and that the Mayor and the City Secretary of said City hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of said Ordinance for all purposes.

SIGNED AND SEALED ON APRIL 9, 2018.

City Secretary

Mayor

(CITY SEAL)

ORDINANCE

AUTHORIZING THE ISSUANCE AND SALE OF CITY OF CORSICANA, TEXAS, GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2018; LEVYING AN ANNUAL AD VALOREM TAX AND PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; APPROVING AN OFFICIAL STATEMENT, AUTHORIZING THE EXECUTION OF A PURCHASE AGREEMENT, PAYING AGENT/REGISTRAR AGREEMENT, AND ESCROW AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

**THE STATE OF TEXAS §
COUNTY OF NAVARRO §
CITY OF CORSICANA §**

WHEREAS, it is deemed advisable and to be in the best interest of the City of Corsicana (the "City" or the "Issuer") that certain bonds authorized at the November 6, 2007 special bond election held in the City be combined in a single issue and sold at this time, with the amount of bonds authorized, purpose, amount of bonds previously sold, and the amount now to be sold being as follows:

	Proposition No. 1 (Streets and Drainage)	Proposition No. 2 (Public Safety)	Proposition No. 3 (Park Improvements)
Amount Voted	\$17,103,240	\$6,610,830	\$242,580
Issued 2008 GO Bonds	\$2,987,420	\$350,000	\$62,580
Issued 2011 GO Bonds	\$2,171,129	\$1,033,871	\$0
Issued 2013 GO Bonds	\$3,500,000	\$0	\$0
Issued 2015 GO Bonds	\$3,800,000	\$0	\$0
Issued 2016 GO Bonds	\$4,000,000	\$0	\$0
Issued 2018 GO Ref & Impr Bonds	\$644,691	\$2,200,000	\$0
Authorization Remaining	\$0	\$3,026,959	\$180,000

WHEREAS, the bonds hereinafter authorized for such purposes are to be issued and delivered pursuant to Chapters 1207, Chapter 1251 and Chapter 1331, Texas Government Code, as amended, and the Charter of the City;

WHEREAS, there are presently outstanding the following obligations of the City, all or part of which are intended to be and shall be refunded pursuant to this Ordinance:

City of Corsicana, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2007 (the "Series 2007 Bonds"); and

City of Corsicana, Texas General Obligation Bonds, Series 2008 (the "Series 2008 Bonds");

WHEREAS, the Issuer now desires to refund all or part of such outstanding general obligation bonds and revenue refunding bonds as described in Schedule I attached hereto and

incorporated herein (the "Refunded Obligations"), in the aggregate principal amount of \$ _____;

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the Issuer to issue refunding bonds and to deposit the proceeds from the sale thereof, together with any other available funds or resources, directly with a paying agent for the Refunded Obligations or a trust company or commercial bank that does not act as a depository for the Issuer and is named in these proceedings, and such deposit, if made before the payment dates of the Refunded Obligations, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations;

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow or similar agreement with each such paying agent for the Refunded Obligations or trust company or commercial bank with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent or trust company or commercial bank may agree;

WHEREAS, Wells Fargo Bank, N.A. is the paying agent for the Series 2007 Bonds and JPMorgan Chase Bank, N.A., Tyler, Texas, is the paying agent for the Series 2008 Bonds, and each Escrow Agreement, hereinafter authorized constitutes an escrow agreement of the kind authorized and permitted by said Chapter 1207;

WHEREAS, the City Council hereby finds and declares a public purpose and it is in the best interests of the Issuer to refund the Refunded Obligations in order to achieve a present value debt service savings of approximately \$ _____ and an actual debt service savings of \$ _____ to the Issuer, net of any Issuer contribution to the refunding, all in accordance with the provisions of Section 1207.007, Texas Government Code;

WHEREAS, all the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized;

WHEREAS, it is officially found, determined, and declared that the meeting at which this Ordinance has been adopted was open to the public and public notice of the time, place and subject matter of the public business to be considered and acted upon at said meeting, including this Ordinance, was given, all as required by the applicable provisions of Texas Government Code, Chapter 551; Now, Therefore

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

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE BONDS. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The bonds of the City of Corsicana, Texas (the "Issuer") are hereby authorized to be issued and delivered in the aggregate principal amount of \$ _____ for the purpose of: (i) refunding the Refunded Obligations of the Issuer described in the preamble hereto, (ii) constructing and improving City streets together with City streets together with drainage in connection therewith; and (iii) acquiring, constructing, installing, and equipping a public safety training facility, and the acquisition of land and interests in land and properties

therefor ("Improvement Projects"), (iv) the payment of fiscal, engineering and legal fees incurred in connection therewith and (v) to pay costs of issuing the Bonds.

Section 2. DESIGNATION, DATE, DENOMINATIONS, NUMBERS, AND MATURITIES AND INTEREST RATES OF BONDS. Each bond issued pursuant to this Ordinance shall be designated: "CITY OF CORSICANA, TEXAS, GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND, SERIES 2018," and initially there shall be issued, sold, and delivered hereunder one fully registered bond, without interest coupons, dated May 8, 2018 in the principal amount stated above and in the denominations hereinafter stated, numbered T-1, with bonds issued in replacement thereof being in the denominations and principal amounts hereinafter stated and numbered consecutively from R-1 upward, payable to the respective Registered Owners thereof (with the initial bond being made payable to the initial purchaser as described in Section 10 hereof), or to the registered assignee or assignees of said bonds or any portion or portions thereof (in each case, the "Registered Owner"), and said bonds shall mature and be payable serially on February 15 in each of the years and in the principal amounts, respectively, and shall bear interest from the dates set forth in the FORM OF BOND set forth in Section 4 of this Ordinance to their respective dates of maturity or redemption prior to maturity at the rates per annum, as set forth in the following schedule:

<u>Maturity</u> <u>(Feb. 15)</u>	<u>Principal</u> <u>Amount (\$)</u>	<u>Interest</u> <u>Rate (%)</u>
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
2038		

Section 3. CHARACTERISTICS OF THE BONDS.

(a) Registration, Transfer, Conversion and Exchange. The Issuer shall keep or cause to be kept at the principal corporate trust office of U.S. Bank National Association, Dallas, Texas (the

"Paying Agent/Registrar"), books or records for the registration of the transfer, conversion and exchange of the Bonds (the "Registration Books"), and the Issuer hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such registrations of transfers, conversions and exchanges under such reasonable regulations as the Issuer and Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such registrations, transfers, conversions and exchanges as herein provided. The Paying Agent/Registrar shall obtain and record in the Registration Books the address of the registered owner of each Bond to which payments with respect to the Bonds shall be mailed, as herein provided; but it shall be the duty of each registered owner to notify the Paying Agent/Registrar in writing of the address to which payments shall be mailed, and such interest payments shall not be mailed unless such notice has been given. The Issuer shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Issuer shall pay the Paying Agent/Registrar's standard or customary fees and charges for making such registration, transfer, conversion, exchange and delivery of a substitute Bond or Bonds. Registration of assignments, transfers, conversions and exchanges of Bonds shall be made in the manner provided and with the effect stated in the FORM OF BOND set forth in this Ordinance. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond.

Except as provided in Section 3(c) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, date and manually sign said Bond, and no such Bond shall be deemed to be issued or outstanding unless such Bond is so executed. The Paying Agent/Registrar promptly shall cancel all paid Bonds and Bonds surrendered for conversion and exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing conversion and exchange of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein, and said Bonds shall be printed or typed on paper of customary weight and strength. Pursuant to Chapter 1201, Government Code, as amended, the duty of conversion and exchange of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of said Bond, the converted and exchanged Bond shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Bonds that initially were issued and delivered pursuant to this Ordinance, approved by the Attorney General of the State of Texas (the "Attorney General") and registered by the Comptroller of Public Accounts of the State of Texas (the "Comptroller").

(b) Payment of Bonds and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Bonds, and of all conversions and exchanges of Bonds, and all replacements of Bonds, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the past due interest shall be sent at least five (5) business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each registered owner appearing on the Registration Books at

the close of business on the last business day next preceding the date of mailing of such notice.

(c) In General. The Bonds (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may or shall be redeemed prior to their scheduled maturities (notice of which shall be given to the Paying Agent/Registrar by the Issuer at least 30 days prior to any such redemption date), (iii) may be converted and exchanged for other Bonds, (iv) may be transferred and assigned, (v) shall have the characteristics, (vi) shall be signed, sealed, executed and authenticated, (vii) the principal of and interest on the Bonds shall be payable, and (viii) shall be administered and the Paying Agent/Registrar and the Issuer shall have certain duties and responsibilities with respect to the Bonds, all as provided, and in the manner and to the effect as required or indicated, in the FORM OF BOND set forth in this Ordinance. The Bond initially issued and delivered pursuant to this Ordinance is not required to be, and shall not be, authenticated by the Paying Agent/Registrar, but on each substitute Bond issued in conversion of and exchange for any Bond or Bonds issued under this Ordinance the Paying Agent/Registrar shall execute the PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE, in the form set forth in the FORM OF BOND.

(d) Paying Agent/Registrar for the Bonds. The Issuer covenants with the registered owners of the Bonds that at all times while the Bonds are outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Bonds under this Ordinance, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 60 days written notice to the Paying Agent/Registrar, to be effective not later than 60 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other entity to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Bonds, to the new Paying Agent/Registrar designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each Registered Owner of the Bonds, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(e) Authentication. Except as provided below, no Bond shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Ordinance, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on all of the Bonds. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Bond delivered on the closing date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this

Ordinance, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Bond has been duly approved by the Attorney General and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller.

(f) Book-Entry Only System.

(i) The Bonds issued in exchange for the Bond initially issued to the initial purchaser specified herein shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and except as provided in subsection (f) hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(ii) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created ("DTC Participant") to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds. Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than a Registered Owner of Bonds, as shown on the Registration Books, of any notice with respect to the Bonds, or (iii) the payment to any DTC Participant or any other person, other than a Registered Owner of Bonds, as shown in the Registration Books of any amount with respect to principal of or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the Issuer and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Registration Books as the absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of and interest on the Bonds only to or upon the order of the Registered Owners, as shown in the Registration Books as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal of and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Registered Owner, as shown in the Registration Books, shall receive a Bond evidencing the obligation of the Issuer to make payments of principal and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks being mailed to the Registered Owner at the close of business on the Record date, the words "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(iii) The previous execution and delivery of the Blanket Letter of Representations with respect to obligations of the Issuer is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds.

(g) Successor Securities Depository; Transfers Outside Book-Entry Only System. In the event that the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the representations letter of the Issuer to DTC or that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, the Issuer shall (i) appoint a successor securities depository, qualified to act as such under Section 17A of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants of the availability through DTC of Bonds and transfer one or more separate certificated Bonds to DTC Participants having Bonds credited to their DTC accounts. In such event, the Bonds shall no longer be restricted to being registered in the Registration Books in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Registered Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

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

(i) Cancellation of Initial Bond. On the closing date, one initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the purchaser designated in Section 10 or its designee, executed by manual or facsimile signature of the Mayor (or in the Mayor's absence, by the Mayor Pro Tem) and City Secretary of the Issuer, approved by the Attorney General, and registered and manually signed by the Comptroller, will be delivered to such purchaser or its designee. Upon payment for the initial Bond, the Paying Agent/Registrar shall cancel the initial Bond and deliver to the DTC on behalf of such purchaser one registered definitive Bond for each year of maturity of the Bonds, in the aggregate principal amount of all of the Bonds for such maturity. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

(j) Use of Facsimile Signatures. The use of the facsimile signature of the City Secretary on the Initial Bond, this Ordinance, the General and No-Litigation Certificate related to the issuance of the Bonds, and any documents directly related to the issuance of the Bonds, is hereby authorized by the City Council empowered to authorize the issuance of the Bonds.

(k) Conditional Notice of Redemption. With respect to any optional redemption of the Bonds, unless the prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the Issuer, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying

Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice may be of no force and effect, the Issuer shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

(l) Rescission of Notice of Redemption. In the event the Issuer has cured the conditions that caused the Bonds to be subject to special mandatory redemption, the Issuer may rescind any such redemption and notice thereof on any date prior to the date fixed for redemption by causing written notice of the rescission to be given to the Owners of the Bonds so called for redemption. Notice of rescission will be delivered in the same manner in which notice of redemption was originally given.

Section 4. FORM OF BONDS. The form of the Bonds, including the form of the Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller to be attached to the Bonds initially issued and delivered pursuant to this Ordinance, shall be in substantially the form as set forth in *Exhibit A* to this Ordinance, with such appropriate variations, omissions, or insertions as are permitted or required by this Ordinance. The printer of the Bonds is hereby authorized to print on the Bonds (i) the form of bond counsel's opinion relating to the Bonds, and (ii) an appropriate statement of insurance furnished by a municipal bond insurance company providing municipal bond insurance, if any, covering all or any part of the Bonds.

Section 5. INTEREST AND SINKING FUND.

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

advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been required to be levied pursuant to this Section may be reduced to the extent and by the amount of the lawfully available funds then on deposit or budgeted and appropriated to be deposited in the Interest and Sinking Fund.

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

Section 6. DEFEASANCE OF BONDS.

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

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Bonds and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money

and/or Defeasance Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in Subsection (a)(i) or (ii) of this Section. All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Bonds, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by state law that are eligible to discharge obligations such as the Bonds, including (i) direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, and (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent.

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

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

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

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

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

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

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

(e) Authority for Issuing Replacement Bonds. In accordance with Sec. 1206.022, Government Code, this Section 7 of this Ordinance shall constitute authority for the issuance of any such replacement Bond without necessity of further action by the governing body of the Issuer or any other body or person, and the duty of the replacement of such Bonds is hereby authorized and imposed upon the Paying Agent/Registrar, and the Paying Agent/Registrar shall authenticate and deliver such Bonds in the form and manner and with the effect, as provided in Section 3(a) of this Ordinance for Bonds issued in conversion and exchange for other Bonds.

Section 8. CUSTODY, APPROVAL, AND REGISTRATION OF BONDS; BOND COUNSEL'S OPINION; CUSIP NUMBERS; ENGAGEMENT OF BOND COUNSEL.

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

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

Pro Tem) is hereby authorized to execute such engagement letter.

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

(a) Covenants. The Issuer covenants to take any action necessary to assure, or refrain from any action that would adversely affect, the treatment of the Bonds as obligations described in section 103 of the Internal Revenue Code of 1986, as amended, (the "Code"), the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation. In furtherance thereof, the Issuer covenants as follows:

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

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

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

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

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

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

(A) proceeds of the Bonds invested for a reasonable temporary period of 3 years or less or, in the case of a refunding bond, for a period of 90 days or less until such proceeds are needed for the purpose for which the bonds are issued,

(B) amounts invested in a bona fide debt service fund, within the meaning

of section 1.148-1(b) of the Treasury Regulations, and

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

(7) to otherwise restrict the use of the proceeds of the Bonds or amounts treated as proceeds of the Bonds, as may be necessary, so that the Bonds do not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage);

(8) to refrain from using the proceeds of the Bonds or the proceeds of any prior bonds to pay debt service on another issue more than ninety (90) days after the issuance of the Bonds in contravention of Section 149(d) of the Code (relating to advance refundings); and

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

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

(c) Use of Proceeds. For purposes of the foregoing covenants (a)(1) and (a)(2), the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated that modify or expand provisions of the Code, as applicable to the Bonds, the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated that impose additional requirements applicable to the Bonds, the Issuer agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the Issuer hereby authorizes and directs the Mayor and Mayor Pro Tem to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the Issuer, that may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds.

(d) Allocation of, and Limitation on, Expenditures for the Projects. The Issuer covenants

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

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

(f) Written Procedures. Unless superseded by another action of the Issuer, to ensure compliance with the covenants contained in this Ordinance regarding private business use, remedial actions, arbitrage and rebate relating to the Bonds, the Issuer hereby adopts and establishes the instructions attached hereto as **Exhibit C** as its written procedures.

(g) Reimbursement. This Ordinance is intended to satisfy the official requirements set forth in section 1.150 2 of the Treasury Regulations.

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

Section 10. SALE OF BONDS AND APPROVAL OF OFFICIAL STATEMENT; FURTHER PROCEDURES; DEPOSIT TO ESCROW ACCOUNTS.

(a) The Bonds are hereby sold and shall be delivered to _____ (the "Underwriter") for the purchase price of \$ _____ representing the par amount of the

Bonds, plus a net reoffering premium of \$_____, plus accrued interest of \$_____, and less an Underwriter's discount on the Bonds of \$_____, pursuant to the terms and provisions of a Purchase Agreement, which the Mayor is hereby authorized to execute and deliver. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable. The Initial Bond shall be registered in the name of _____ or its designee.

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

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

(d) Total proceeds of the Bonds in the amount of \$_____ shall be deposited into the escrow account for the Series 2007 Bonds and \$_____ shall be deposited into the escrow account for the Series 2008 Bonds. Any amounts remaining in the respective escrow accounts after the redemption of the Refunded Obligations and released to the Issuer shall be deposited into the Interest and Sinking Fund.

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

Section 12. CONSTRUCTION FUND; INVESTMENT.

(a) The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund to be entitled the "Series 2018 General Obligation Bond Construction Fund" for use by the Issuer for payment of all lawful costs associated with the Improvement Projects as hereinbefore provided. Proceeds of the Bonds in the amount of \$_____ (consisting of \$_____ in principal amount of the Bonds plus \$_____ in premium from the sale

of the Bonds) shall be deposited into the Construction Fund. Therefore, the total amount of voted authorization used pursuant to Proposition 1 of the November 6, 2007 special bond election is \$ _____; and the total amount of voted authorization used pursuant to Proposition 2 of the November 6, 2007 special bond election is \$ _____. Upon payment of all such costs, any moneys remaining on deposit in said Fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 5 of this Ordinance.

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

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

Section 13. COMPLIANCE WITH RULE 15c2-12.

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

"MSRB" means the Municipal Securities Rulemaking Board.

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

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

(b) Annual Reports.

(i) The Issuer shall provide annually to the MSRB, within six months after the end of each Fiscal Year ending in or after 2017, financial information and operating data (the "Annual Operating Report") with respect to the Issuer of the general type included in the final Official Statement authorized by Section 10 of this Ordinance, being the information described in ***Exhibit B*** hereto. The Issuer will additionally provide financial statements of the Issuer (the "Financial Statements") that will be (1) prepared in accordance with the accounting principles described in ***Exhibit B*** hereto, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the Issuer commissions an audit of such Financial Statements and the audit is completed within the period during which they must be provided. The Issuer will update and provide the Annual Operating Report within six months after the end of each fiscal year and the Financial Statements within 12 months of the end of each fiscal year, in each case beginning with the fiscal year ending in 2017. The Issuer may provide the Financial Statements earlier, including at the time it provides its Annual Operating Report, but if the audit of such financial statements is not complete within 12 months after any such fiscal year end, then the Issuer shall provide unaudited financial statements within such 12 month period and will provide audited financial statements for the applicable Fiscal Year

to the MSRB, when and if the audit report on such statements become available. All documents provided to the MSRB shall be transmitted electronically to the MSRB, in such format and accompanied by such identifying information as prescribed by the MSRB.

(ii) If the Issuer changes its Fiscal Year, it will notify the MSRB of the change (and of the date of the new Fiscal Year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document, if it is available from the MSRB) that theretofore has been provided to the MSRB or filed with the SEC.

(c) Event Notices.

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

1. Non-payment related defaults;
2. Modifications to rights of holders of the Bonds;
3. Bond calls;
4. Release, substitution, or sale of property securing repayment of the Bonds;
5. The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
6. Appointment of a successor or additional trustee or the change of name of a trustee.

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

1. Principal and interest payment delinquencies;
2. Unscheduled draws on debt service reserves reflecting financial difficulties;
3. Unscheduled draws on credit enhancements reflecting financial difficulties;
4. Substitution of credit or liquidity providers, or their failure to perform;
5. Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of

Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

6. Tender offers;
7. Defeasances;
8. Rating changes;
9. Bankruptcy, insolvency, receivership or similar event of an obligated person (which is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent, or similar officer for the Issuer 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 Issuer, 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 Issuer).

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

(d) Limitations, Disclaimers, and Amendments.

(i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the Issuer in any event will give the notice required by Subsection (b) hereof of any Bond calls and defeasance that cause the Issuer to no longer be such an "obligated person".

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

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN

WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

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

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

(a) The Issuer may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the Issuer's Bond Counsel materially adversely affect the interests of the holders.

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

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

(c) If at any time the Issuer shall desire to amend this Ordinance under subsection (b) of this Section, the Issuer shall send by U.S. mail to each registered owner of the affected Bonds a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the Issuer for inspection by all holders of such Bonds.

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

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

(f) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from

the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the Issuer, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Bonds then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

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

Section 15. DEFAULT AND REMEDIES

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

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

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

(b) Remedies for Default.

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

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

(c) Remedies Not Exclusive.

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

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed

a waiver of any other available remedy.

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

Section 16. APPROVAL OF ESCROW AGREEMENT AND TRANSFER OF FUNDS.

The Mayor or the Mayor Pro Tem of the Issuer is hereby authorized and directed to execute and deliver an Escrow Agreement with U.S. Bank National Association for the Refunded Obligations, in substantially the form presented at this meeting. In addition, the Mayor, the Mayor Pro Tem or other officer of the Issuer is authorized to purchase such securities, to execute subscriptions for the purchase of United States Treasury Securities, State and Local Government Series, and the authorize such contributions, as may be necessary for the respective escrow accounts.

Section 17. REDEMPTION OF REFUNDED OBLIGATIONS.

(a) The Issuer hereby directs that certain of the Refunded Obligations be called for redemption on the dates and as set forth on Schedule I. Each of such Refunded Obligations shall be redeemed at the redemption price of par plus accrued interest. The Mayor of the Issuer is hereby authorized and directed to issue or cause to be issued the Notices of Redemption of the Refunded Obligations in the forms set forth in ***Exhibit D*** attached hereto to the respective paying agent/registrar for the Refunded Obligations.

(b) In addition, the respective paying agent/registrars for the Refunded Obligations are hereby directed to provide the appropriate notices of redemption and defeasance as specified by the ordinances authorizing the issuance of the Refunded Obligations and are hereby directed to make appropriate arrangements so that the Refunded Obligations may be redeemed on their redemption date. The Refunded Obligations shall be presented for redemption at the respective paying agent/registrar therefore, and shall not bear interest after the date fixed for redemption.

(c) The source of funds for payment of the principal of and interest on the Refunded Obligations on their respective maturity or redemption date shall be from the funds placed in escrow with the Escrow Agent, pursuant to the Escrow Agreement approved in Section 16 of this Ordinance.

Section 18. APPROPRIATION. To pay the debt service coming due on the Bonds, if any, prior to receipt of the taxes levied to pay such debt service, there is hereby appropriated from current funds on hand, which are hereby certified to be on hand and available for such purpose, an amount, which together with capitalized interest received from the sale of the Bonds, if any, will be sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 19. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

Section 20. EFFECTIVE DATE. In accordance with the provisions of Texas Government Code, Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

City of Corsicana, Texas Waterworks and Sewer
System Revenue Refunding Bonds, Series 2007

Maturity Date (August 15)	Principal Amount <u>Outstanding</u>	Principal Amount <u>Refunded</u>
2018	\$710,000	\$710,000
2019	735,000	735,000
2020	765,000	765,000
2021	800,000	800,000
2022	830,000	830,000
Total	\$3,840,000	\$3,840,000

Call date: [], 2018.

City of Corsicana, Texas General Obligation Bonds,
Series 2008

Maturity Date (Feb 15)	Principal Amount <u>Outstanding</u>	Principal Amount <u>Refunded</u>
2019	\$170,000	\$0
2020	180,000	0
2021	185,000	0
2022	190,000	0
2023	200,000	0
2024	210,000	\$175,000
2025	215,000	215,000
2026	225,000	225,000
2027	235,000	235,000
2028 ¹	240,000	240,000
Total	\$2,050,000	\$1,090,000

Call date: [_____], 2018.

¹ Represents a Term Bond maturing February 15, 2028.

EXHIBIT A
FORM OF BOND

NO. R-

UNITED STATES OF AMERICA
STATE OF TEXAS

PRINCIPAL
AMOUNT
\$ _____

CITY OF CORSICANA, TEXAS
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND
SERIES 2018

<u>Interest Rate</u>	<u>Delivery Date</u>	<u>Maturity Date</u>	<u>CUSIP No.</u>
		February 15, ____	

REGISTERED OWNER:

PRINCIPAL AMOUNT: DOLLARS

ON THE MATURITY DATE specified above, the City of Corsicana, in Navarro County, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on the Maturity Date specified above, the Principal Amount specified above. The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date above at the Interest Rate per annum specified above. Interest is payable on February 15, 2019 and semiannually on each August 15 and February 15 thereafter to the Maturity Date specified above, or the date of redemption prior to maturity; except, if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full.

THE PRINCIPAL OF AND INTEREST ON this Bond are payable in lawful money of the United States of America, without exchange or collection charges. The principal of this Bond shall be paid to the registered owner hereof upon presentation and surrender of this Bond at maturity, or upon the date fixed for its redemption prior to maturity, at the principal corporate trust office of U.S. Bank National Association, Dallas, Texas, which is the "Paying Agent/Registrar" for this Bond. The payment of interest on this Bond shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check or draft, dated as of such interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Bond (the "Bond Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such

check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the last business day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner. In the event of a non-payment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of each owner of a Bond appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

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

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

THIS BOND is one of a series of Bonds dated May 8, 2018, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$ _____ for the purpose of (i) refunding the Refunded Obligations, (ii) constructing and improving City streets together with drainage in connection therewith; (iii) acquiring, constructing, installing, and equipping a public safety training facility, and the acquisition of land and interests in land and properties therefor ("Improvement Projects"), (iv) paying fiscal, engineering and legal fees incurred in connection therewith and (v) paying costs of issuing the Bonds.

ON FEBRUARY 15, 2028, or on any date thereafter, the outstanding Bonds of this series may be redeemed prior to their scheduled maturities, at the option of the Issuer, with funds derived from any available and lawful source, as a whole, or in part, and, if in part, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000), at a redemption price equal to the principal amount to be redeemed plus accrued interest to the date fixed for redemption.

THE BONDS ARE SUBJECT TO SPECIAL MANDATORY REDEMPTION. In the event that any portion of any real property acquired with proceeds of the Bonds is sold, the Issuer shall redeem, at a price of par plus accrued interest to the date of redemption, an amount of Bonds equal to such disposition proceeds received by the Issuer (rounded up to the next highest authorized denomination of \$5,000 in principal amount) within 90 days after the closing and settlement of the sale of the real property. In the event of such redemption, the disposition proceeds from the sale of the real property are required to be used to redeem principal of the Bonds. If the Bonds are redeemed in part pursuant to a special mandatory redemption, the particular Bonds, or portions thereof, to be redeemed shall be selected and designated by the Issuer (provided that a portion of a Bond may be redeemed only in an integral multiple of \$5,000).

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

IF AT THE TIME OF MAILING of notice of optional redemption there shall not have either been deposited with the Paying Agent/Registrar or legally authorized escrow agent immediately available funds sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, and is subject to the deposit of the redemption moneys with the Paying Agent/Registrar or legally authorized escrow agent at or prior to the redemption date, and such notice shall be of no effect unless such moneys are so deposited on or prior to the redemption date. If such redemption is not effectuated, the Paying Agent/Registrar shall, within five days thereafter, give notice in the manner in which the notice of redemption was given that such moneys were not so received and shall rescind the redemption.

ALL BONDS OF THIS SERIES are issuable solely as fully registered bonds, without interest coupons, in the denomination of any integral multiple of \$5,000. As provided in the Bond Ordinance, this Bond may, at the request of the registered owner or the assignee or assignees hereof, be assigned, transferred, converted into and exchanged for a like aggregate principal amount of fully registered Bonds, without interest coupons, payable to the appropriate registered

owner, assignee or assignees, as the case may be, having the same denomination or denominations in any integral multiple of \$5,000 as requested in writing by the appropriate registered owner, assignee or assignees, as the case may be, upon surrender of this Bond to the Paying Agent/Registrar for cancellation, all in accordance with the form and procedures set forth in the Bond Ordinance. Among other requirements for such assignment and transfer, this Bond must be presented and surrendered to the Paying Agent/Registrar, together with proper instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of this Bond or any portion or portions hereof in any integral multiple of \$5,000 to the assignee or assignees in whose name or names this Bond or any such portion or portions hereof is or are to be registered. The form of Assignment printed or endorsed on this Bond may be executed by the registered owner to evidence the assignment hereof, but such method is not exclusive, and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Bond or any portion or portions hereof from time to time by the registered owner. The Paying Agent/Registrar's reasonable standard or customary fees and charges for assigning, transferring, converting and exchanging any Bond or portion thereof will be paid by the Issuer. In any circumstance, any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment, transfer, conversion or exchange, as a condition precedent to the exercise of such privilege. The Paying Agent/Registrar shall not be required to make any such transfer, conversion, or exchange (i) during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date, or (ii) with respect to any Bond or any portion thereof called for redemption prior to maturity, within 45 days prior to its redemption date.

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

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Bond have been performed, existed and been done in accordance with law; and that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Bond, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law.

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

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

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

City Secretary

Mayor

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

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

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

Dated: _____.

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

By: _____
Authorized Representative

FORM OF ASSIGNMENT

ASSIGNMENT

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

Please insert Social Security or Taxpayer Identification Number of Transferee

Please print or type name and address, including zip code of Transferee

the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints:
_____, attorney, to register the transfer of the within Bond
on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____.

Signature Guaranteed:

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

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

FORM OF REGISTRATION CERTIFICATE OF THE COMPTROLLER OF PUBLIC
ACCOUNTS

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this _____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

INITIAL BOND INSERTIONS

The initial Bond shall be in the form set forth above, except that:

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

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

"THE CITY OF CORSICANA, TEXAS, in Navarro County, Texas (the "Issuer"), being a political subdivision and municipal corporation of the State of Texas, hereby promises to pay to the Registered Owner specified above, or registered assigns (hereinafter called the "Registered Owner"), on February 15 in each of the years, in the principal amounts and bearing interest at the per annum rates set forth in the following schedule:

<u>Maturity (Feb. 15)</u>	<u>Principal Amount (\$)</u>	<u>Interest Rate (%)</u>
---------------------------	------------------------------	--------------------------

Information from Section 2 to be inserted

The Issuer promises to pay interest on the unpaid principal amount hereof (calculated on the basis of a 360-day year of twelve 30-day months) from the Delivery Date above at the respective Interest Rate per annum specified above. Interest is payable on February 15, 2019, and semiannually on each August 15 and February 15 thereafter to the date of payment of the principal installment specified above, or the date of redemption prior to maturity; except, that if this Bond is required to be authenticated and the date of its authentication is later than the first Record Date (hereinafter defined), such Principal Amount shall bear interest from the interest payment date next preceding the date of authentication, unless such date of authentication is after any Record Date but on or

before the next following interest payment date, in which case such principal amount shall bear interest from such next following interest payment date; provided, however, that if on the date of authentication hereof the interest on the Bond or Bonds, if any, for which this Bond is being exchanged is due but has not been paid, then this Bond shall bear interest from the date to which such interest has been paid in full."

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

EXHIBIT B

Annual Financial Statements and Operating Data

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

The financial information and operating data with respect to the Issuer to be provided annually in accordance with such Section are as specified in tables numbered 1 through 6 and 8 through 15 in the Official Statement.

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the financial statements in Appendix B to the Official Statement.

EXHIBIT C

WRITTEN PROCEDURES RELATING TO CONTINUING COMPLIANCE WITH FEDERAL TAX COVENANTS

A. Arbitrage. With respect to the investment and expenditure of the proceeds of the Bonds, the Issuer's City Manager and Finance Director (the "Responsible Person") will:

- a. Instruct the appropriate person or persons that the construction, renovation or acquisition of the facilities must proceed with due diligence and that binding contracts for the expenditure of at least 5% of the proceeds of the Bonds will be entered into within six months of the date of delivery of the Bonds ("Issue Date");
- b. Monitor that at least 85% of the proceeds of the Bonds to be used for the construction, renovation or acquisition of any facilities are expended within three years of the Issue Date;
- c. Restrict the yield of the investments to the yield on the Bonds after three years of the Issue Date;
- d. Monitor all amounts deposited into a sinking fund or funds, e.g., the Interest and Sinking Fund, to assure that the maximum amount invested at a yield higher than the yield on the Bonds does not exceed an amount equal to the debt service on the Bonds in the succeeding 12 month period plus a carryover amount equal to one-twelfth of the principal and interest payable on the Bonds for the immediately preceding 12-month period;
- e. Retain any official action of the Issuer (such as a reimbursement resolution) stating its intent to reimburse with the proceeds of the Bonds any amount expended prior to the Issue Date for the acquisition, renovation or construction of the facilities;
- f. Ensure that the applicable information return (e.g., IRS Form 8038-G, 8038-GC, or any successor forms) is timely filed with the IRS;
- g. Assure that, unless excepted from rebate and yield restriction under section 148(f) of the Code, excess investment earnings are computed and paid to the U.S. government at such time and in such manner as directed by the IRS (i) at least every 5 years after the Issue Date and (ii) within 30 days after the date the Bonds are retired;
- h. Ensure that no more than 50% of the proceeds of the Bonds are invested in an investment with a guaranteed yield for 4 years or more; and
- i. Monitor the actions of the escrow agent (to the extent an escrow is funded with proceeds) to ensure compliance with the applicable provisions of the escrow agreement, including with respect to reinvestment of cash balances.

B. Private Business Use. With respect to the use of the facilities financed or refinanced with the proceeds of the Bonds the Responsible Person will:

1. Monitor the date on which the facilities are substantially complete and available to be used for the purpose intended;
2. Monitor whether, at any time the Bonds are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public has any contractual right (such as a lease, purchase, management or other service agreement) with respect to any portion of the facilities;
3. Monitor whether, at any time the Bonds are outstanding, any person, other than the Issuer, the employees of the Issuer, the agents of the Issuer or members of the general public has a right to use the output of the facilities;
4. Determine whether, at any time the Bonds are outstanding, any person, other than the Issuer, has a naming right for the facilities or any other contractual right granting an intangible benefit;

5. Determine whether, at any time the Bonds are outstanding, the facilities are sold or otherwise disposed of; and
6. Take such action as is necessary to remediate any failure to maintain compliance with the covenants contained in the Ordinance related to the public use of the facilities.

C. Record Retention. The Responsible Person will maintain or cause to be maintained all records relating to the investment and expenditure of the proceeds of the Bonds and the use of the facilities financed or refinanced thereby for a period ending three (3) years after the complete extinguishment of the Bonds. If any portion of the Bonds is refunded with the proceeds of another series of tax-exempt Obligations, such records shall be maintained until the three (3) years after the refunding Obligations are completely extinguished. Such records can be maintained in paper or electronic format.

D. Responsible Person. The Responsible Person shall receive appropriate training regarding the Issuer's accounting system, contract intake system, facilities management and other systems necessary to track the investment and expenditure of the proceeds and the use of the facilities financed with the proceeds of the Bonds. The foregoing notwithstanding, the Responsible Person is authorized and instructed to retain such experienced advisors and agents as may be necessary to carry out the purposes of these instructions.

EXHIBIT D

NOTICE OF REDEMPTION

NOTICE IS HEREBY GIVEN that the City of Corsicana, Texas has called for redemption the outstanding Bonds of the City described as follows:

City of Corsicana, Texas Waterworks and Sewer System Revenue Refunding Bonds, Series 2007, dated May 15, 2007, scheduled to mature on August 15 in the years 2018 through 2022, inclusive, aggregating \$3,840,000 (and being all of the outstanding bonds of said series scheduled to mature on and after February 15, 2018);

Call date: April 30, 2018; redeemable at a redemption price of par plus accrued interest at the principal corporate offices of Wells Fargo Bank, N.A., only upon presentation by the owner thereof.

If moneys sufficient for the payment of such redemption price are held by or on behalf of the paying agent, the described Bonds shall become due and payable on the redemption date specified, and the interest thereon shall cease to accrue from and after the redemption date.

In compliance with section 3406 of the Internal Revenue Code of 1986, payors making certain payments due on debt securities may be obligated to deduct and withhold 30 percent of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of the withholding of tax, such payees should submit a taxpayer identification number when surrendering the bonds for redemption.

NOTICE IS FURTHER GIVEN that all Bonds should be submitted to one of the following address:

<u>First Class/Registered/ Certified Mail</u>	<u>Express Delivery/Air Courier</u>
Wells Fargo Bank, N.A. Corporate Trust Operations P.O. Box 1517 Minneapolis, MN 55480-1517	Wells Fargo Bank, N.A. 600 Fourth Street South, 7 th Floor Minneapolis, MN 55479 MAC N9300-070

Dated: _____, 20__

By: Wells Fargo Bank, National Association

NOTICE OF REDEMPTION

NOTICE IS HEREBY GIVEN that the City of Corsicana, Texas has called for redemption the outstanding Bonds of the City described as follows:

City of Corsicana, Texas General Obligation Bonds, Series 2008, dated March 1, 2008, a term bond scheduled to mature on February 15, 2024 through 2028, with the final maturity on February 15, 2028, aggregating \$1,090,000;

Call date: April 30, 2018; redeemable at a redemption price of par plus accrued interest at the principal corporate offices of JPMorgan Chase Bank, N.A., only upon presentation by the owner thereof.

If moneys sufficient for the payment of such redemption price are held by or on behalf of the paying agent, the described Bonds shall become due and payable on the redemption date specified, and the interest thereon shall cease to accrue from and after the redemption date.

In compliance with section 3406 of the Internal Revenue Code of 1986, payors making certain payments due on debt securities may be obligated to deduct and withhold 30 percent of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of the withholding of tax, such payees should submit a taxpayer identification number when surrendering the bonds for redemption.

NOTICE IS FURTHER GIVEN that all Bonds should be submitted to one of the following address:

First Class/Registered/
Certified Mail

Express Delivery

Hand Delivery

Dated: _____, 20__

By: JPMorgan Chase Bank, N.A.

ESCROW AGREEMENT

**CITY OF CORSICANA, TEXAS
WATERWORKS AND SEWER SYSTEM REVENUE REFUNDING BONDS,
SERIES 2007**

**CITY OF CORSICANA, TEXAS
GENERAL OBLIGATION BONDS,
SERIES 2008**

THIS ESCROW AGREEMENT, dated as of May 8, 2018 (herein, together with any amendments or supplements hereto, called the "*Agreement*") is entered into by and between the City of Corsicana, Texas (herein called the "Issuer") and U.S. Bank National Association, as escrow agent (herein, together with any successor in such capacity, called the "*Escrow Agent*"). The addresses of the Issuer and the Escrow Agent are shown on Exhibit A attached hereto and made a part hereof.

WITNESSETH:

WHEREAS, the Issuer heretofore issued and there presently remain outstanding the obligations (the "*Refunded Obligations*") described in Exhibit B attached hereto and made a part hereof; and

WHEREAS, the Refunded Obligations are scheduled to mature in such years, bear interest at such rates, and be payable at such times and in such amounts as are set forth in Exhibit C hereto; and

WHEREAS, the Issuer has received the Sufficiency Certificate of Wells Fargo Bank, N.A., as paying agent/registrar of the Series 2007 Bonds (the "*2007 PA/R Certificate*"), attached hereto as Exhibit D and made a part hereof; and

WHEREAS, the Issuer has received the Sufficiency Certificate of JPMorgan Chase Bank, N.A., as paying agent/registrar of the Series 2008 Bonds (the "*2008 PA/R Certificate*", and, together with the 2007 PA/R Certificate, the "*PA/R Certificates*"), attached hereto as Exhibit E and made a part hereof; and

WHEREAS, when firm banking arrangements have been made for the payment of principal, redemption premium, if any, and interest to the maturity or redemption dates of the Refunded Obligations, then the Refunded Obligations shall no longer be regarded as outstanding except for the purpose of receiving payment from the funds provided for such purpose; and

WHEREAS, Chapter 1207, Texas Government Code ("*Chapter 1207*"), authorizes the Issuer to issue refunding bond and to deposit the proceeds from the sale thereof, and any other available funds or resources, directly with any paying agent for the Refunded Obligations, or a trust company or commercial bank that does not act as a depository for the Issuer, and such deposit, if made before such payment dates and in sufficient amounts, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the Issuer to enter into an escrow agreement with any such paying agent for any of the Refunded Obligations, or a trust company or commercial bank that does not act as a depository for the Issuer, with respect to the safekeeping, investment, administration and disposition of any such deposit, upon such terms and conditions as the Issuer and such paying agent, trust company or commercial bank may agree, provided that such deposits may be invested only in obligations described in Section 1207.062 of Chapter 1207, which obligations may be in book entry form, and which shall mature and/or bear interest payable at such times and in such amounts as will be sufficient to provide for the scheduled payment of principal, redemption premium, if any, and interest on the Refunded Obligations when due; and

WHEREAS, the Escrow Agent is a trust company or commercial bank that does not act as a depository for the Issuer and this Agreement constitutes an escrow agreement of the kind authorized and required by said Chapter 1207; and

WHEREAS, Chapter 1207 makes it the duty of the Escrow Agent to comply with the terms of this Agreement and timely make available to the places of payment (the "*Paying Agent*") for the Refunded Obligations the amounts required to provide for the payment of the principal of and interest on such obligations when due, and in accordance with their terms, but solely from the funds, in the manner, and to the extent provided in this Agreement; and

WHEREAS, the City of Corsicana, Texas General Obligation Refunding and Improvement Bonds, Series 2018 (the "*Refunding Bonds*") have been issued, sold and delivered for the purpose, among others, of obtaining the funds required to provide for the payment of the principal of and redemption premium, if any, on the Refunded Obligations at their respective maturity dates or dates of redemption and the interest thereon to such dates; and

WHEREAS, the Issuer desires that, concurrently with the delivery of the Refunding Bonds to the purchaser thereof, certain proceeds of the Refunding Bonds, together with certain other available funds of the Issuer, if applicable, shall be deposited to the credit of the Escrow Fund created pursuant to the terms of this Agreement; and

WHEREAS, the cash balances from time to time on deposit in the Escrow Fund and Escrowed Securities, if any, which shall mature and the interest thereon shall be payable at such times and in such amounts so as to provide moneys which together with such cash balances will be sufficient to pay interest on the Refunded Obligations as it accrues and becomes payable and the principal of the Refunded Obligations on their maturity dates or dates of redemption; and

WHEREAS, to facilitate the payment of the principal of, redemption premium, if any, and interest on the Refunded Obligations, and to facilitate receipt and transfer of proceeds of Escrowed Securities, particularly those in book entry form, the Issuer desires to establish the Escrow Fund at the corporate trust office of the Escrow Agent; and

NOW, THEREFORE, in consideration of the mutual undertakings, promises and agreements herein contained, the sufficiency of which hereby are acknowledged, and to secure the full and timely payment of principal of, redemption premium, if any, and the interest on the Refunded Obligations, the Issuer and the Escrow Agent mutually undertake, promise, and agree for themselves and their respective representatives and successors, as follows:

ARTICLE I

DEFINITIONS AND INTERPRETATIONS

Section 1.01. Definitions. Unless the context clearly indicates otherwise, the following terms shall have the meanings assigned to them below when they are used in this Agreement:

"*Code*" means the Internal Revenue Code of 1986, as amended, or to the extent applicable the Internal Revenue Code of 1954, together with any other applicable provisions of any successor federal income tax laws.

"*Escrow Fund*" means the fund created pursuant to Section 3.01 of this Agreement to be administered by the Escrow Agent pursuant to the provisions of this Agreement.

"*Escrowed Securities*" means , subject to any restrictions set forth in any order, ordinance or resolution of the Issuer authorizing the issuance of the Refunded Obligations, the obligations permitted by Section 1207.062 of Chapter 1207 or cash or other obligations permitted by Section 1207.062 of Chapter 1207 substituted therefor pursuant to Article IV of this Agreement.

Section 1.02. Other Definitions. The terms "*Agreement*", "*Issuer*", "*Escrow Agent*", "*Refunded Obligations*", "*Refunding Bonds*", "*2007 PA/R Certificate*", "*2008 PA/R Certificate*", "*PA/R Certificates*" and "*Paying Agent*", when they are used in this Agreement, shall have the meanings assigned to them in the preamble to this Agreement.

Section 1.03. Interpretations. The titles and headings of the articles and sections of this Agreement have been inserted for convenience and reference only and are not to be considered a part hereof and shall not in any way modify or restrict the terms hereof. This Agreement and all of the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to achieve the intended purpose of providing for the refunding of the Refunded Obligations in accordance with applicable law.

ARTICLE II

DEPOSIT OF FUNDS AND ESCROW SECURITIES

Section 2.01. Deposits in the Escrow Fund. Concurrently with the sale and delivery of the Refunding Bonds the Issuer shall deposit, or cause to be deposited, with the Escrow Agent, for deposit in the Escrow Fund, the sum of \$ _____ to be applied to pay the principal and interest of the Refunded Obligations on their redemption date. Such amount shall be held uninvested unless the Issuer otherwise directs pursuant to Section 4.02 hereof.

The Escrow Agent shall, upon the receipt thereof, acknowledge such receipt to the Issuer in writing.

ARTICLE III

CREATION AND OPERATION OF ESCROW FUND

Section 3.01. Escrow Fund. The Escrow Agent has created on its books a special trust fund and irrevocable escrow to be known as the City of Corsicana, Texas General Obligation Refunding and Improvement Bonds, Series 2018 Escrow Fund (the "*Escrow Fund*"). The Escrow Agent hereby agrees that upon receipt thereof it will irrevocably deposit to the credit of the Escrow Fund the funds described in Section 2.01 hereof. Such deposit, all proceeds therefrom, and all cash balances from time to time on deposit therein (a) shall be the property of the Escrow Fund, (b) shall be applied only in strict conformity with the terms and conditions of this Agreement, and (c) are hereby irrevocably pledged to the payment of the principal of, redemption premium, if any, and interest on the Refunded Obligations, which payment shall be made by timely transfers of such amounts at such times as are provided for in Section 3.02 hereof. When the final transfers have been made for the payment of such principal of, redemption premium, if any, and interest on the Refunded Obligations, any balance then remaining in the Escrow Fund shall be transferred to the Issuer, and the Escrow Agent shall thereupon be discharged from any further duties hereunder.

Section 3.02. Payment of Principal, Redemption Premium, if any, and Interest. The Escrow Agent is hereby irrevocably instructed to transfer from the cash balances from time to time on deposit in the Escrow Fund and make available to the Paying Agent for the Refunded Obligations, the amounts required to pay the principal of and interest on the Refunded Obligations at their redemption date and interest thereon to such redemption date.

Section 3.03. Sufficiency of Escrow Fund. The Issuer represents (based solely on the PA/R Certificates) that the cash balance, and Escrowed Securities, if any, on deposit from time to time in the Escrow Fund will be at all times sufficient to provide moneys for transfer to the Paying Agent at the times and in the amounts required to pay the interest on the Refunded Obligations as such interest comes due and the principal of and the redemption premium, if any, on the Refunded Obligations as the Refunded Obligations mature or are subject to redemption, all as more fully set forth in Exhibit F attached hereto and made a part hereof. If, for any reason, at any time, the cash balances on deposit or scheduled to be on deposit in the Escrow Fund shall be insufficient to transfer the amounts required by each Paying Agent for the Refunded Obligations to make the

payments set forth in Section 3.02 hereof, notice of any such insufficiency shall be given to the Issuer by the Escrow Agent as promptly as practicable as hereinafter provided, but neither the Issuer nor the Escrow Agent shall in any manner be responsible for any insufficiency of funds in the Escrow Fund.

Section 3.04. Trust Fund. The Escrow Agent shall hold at all times the Escrow Fund, any Escrowed Securities and all other assets of the Escrow Fund, wholly segregated from all other funds and securities on deposit with the Escrow Agent; it shall never allow Escrowed Securities or any other assets of the Escrow Fund to be commingled with any other funds or securities of the Escrow Agent; and it shall hold and dispose of the assets of the Escrow Fund only as set forth herein. Uninvested cash, Escrowed Securities and other assets of the Escrow Fund shall always be maintained by the Escrow Agent as trust funds for the benefit of the owners of the Refunded Obligations; and a special account thereof shall at all times be maintained on the books of the Escrow Agent. The owners of the Refunded Obligations shall be entitled to the same preferred claim and first lien upon uninvested cash, Escrowed Securities, the proceeds thereof, and all other assets of the Escrow Fund to which they are entitled as owners of the Refunded Obligations. The amounts received by the Escrow Agent under this Agreement shall not be considered as a banking deposit by the Issuer, and the Escrow Agent shall have no right to title with respect thereto except as a constructive trustee and Escrow Agent under the terms of this Agreement. The amounts received by the Escrow Agent under this Agreement shall not be subject to warrants, drafts or checks drawn by the Issuer or, except to the extent expressly herein provided, by the Paying Agent.

Section 3.05. Security for Cash Balances. Cash balances from time to time on deposit in the Escrow Fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a pledge of direct obligations of, or obligations unconditionally guaranteed by, the United States of America, having a market value at least equal to such cash balances.

ARTICLE IV

LIMITATION ON INVESTMENTS

Section 4.01. General Limitations. Except as provided in Sections 3.02, 4.02 hereof, the Escrow Agent shall not have any power or duty to invest or reinvest any money held hereunder, or to make substitutions of Escrowed Securities, or to sell, transfer or otherwise dispose of Escrowed Securities.

Section 4.02. Investments and Substitutions. At the discretion and upon the written request of the Issuer, the Escrow Agent shall invest cash balances in the Escrow Fund, make substitutions of Escrowed Securities or redeem Escrowed Securities and reinvest the proceeds thereof or hold such proceeds as cash, together with other moneys or securities held in the Escrow Fund provided that the Issuer delivers to the Escrow Agent the following:

- (1) an opinion by an independent certified public accountant that after such investment, substitution or reinvestment the principal amount of the securities in the Escrow Fund (which shall be noncallable, not pre-payable obligations described in Section

1207.062 of Chapter 1207, subject to any restrictions set forth in any order, ordinance or resolution of the Issuer authorizing the issuance of the Refunded Obligations), together with the interest thereon and other available moneys in the Escrow Fund, will be sufficient to pay, without further investment or reinvestment, as the same become due, the principal of, interest on and premium, if any, on the Refunded Obligations which have not previously been paid; and

(2) an unqualified opinion of nationally recognized municipal bond counsel to the effect that (a) such investment, substitution or reinvestment will not cause the Refunded Obligations to be "arbitrage bonds" within the meaning of Section 103 of the Code or the regulations thereunder in effect on the date of such substitution or reinvestment, or otherwise make the interest on the Refunded Obligations or the Refunding Bonds subject to federal income taxation, and (b) such investment, substitution or reinvestment complies with the Constitution and laws of the State of Texas and with all relevant documents relating to the issuance of the Refunded Obligations.

Any balance in the Escrow Fund set forth in the opinion of the independent certified public account as not necessary to pay, without further investment or reinvestment, as the same become due, the principal of, interest on and premium, if any, on the Refunded Obligations which have not previously been paid shall be transferred to the Issuer. The Escrow Agent shall have no responsibility or liability for loss or otherwise with respect to investments made at the direction of the Issuer.

Section 4.03. Arbitrage. The Issuer hereby covenants and agrees that it shall never request the Escrow Agent to exercise any power hereunder or permit any part of the money in the Escrow Fund or proceeds from the sale of Escrowed Securities to be used directly or indirectly to acquire any securities or obligations if the exercise of such power or the acquisition of such securities or obligations would cause any Refunding Bonds or Refunded Obligations to be an "arbitrage bond" within the meaning of the Code.

ARTICLE V

APPLICATION OF CASH BALANCES

Section 5.01. In General. Except as provided in Sections 3.02 and 4.02 hereof, no withdrawals, transfers, investments or reinvestment shall be made of cash balances in the Escrow Fund.

ARTICLE VI

RECORDS AND REPORTS

Section 6.01. Records. The Escrow Agent will keep books of record and account in which complete and correct entries shall be made of all transactions relating to the receipts, disbursements, allocations and application of the money and Escrowed Securities deposited to the Escrow Fund and all proceeds thereof, and such books shall be available for inspection at

reasonable hours and under reasonable conditions by the Issuer and the owners of the Refunded Obligations.

Section 6.02. Reports. While this Agreement remains in effect, the Escrow Agent annually shall prepare and send to the Issuer a written report summarizing all transactions relating to the Escrow Fund during the preceding year, including, without limitation, credits to the Escrow Fund as a result of interest payments on or maturities of Escrowed Securities and transfers from the Escrow Fund for payments on the Refunded Obligations or otherwise, together with a detailed statement of all Escrowed Securities and the cash balance on deposit in the Escrow Fund as of the end of such period.

ARTICLE VII

CONCERNING THE PAYING AGENT AND ESCROW AGENT

Section 7.01. Representations. The Escrow Agent hereby represents that it has all necessary power and authority to enter into this Agreement and undertake the obligations and responsibilities imposed upon it herein, and that it will carry out all of its obligations hereunder.

Section 7.02. Limitation on Liability and Indemnification.

(a) The liability of the Escrow Agent to transfer funds for the payment of the principal of, redemption premium, if any, and interest on the Refunded Obligations shall be limited to the cash balances and proceeds of Escrowed Securities from time to time on deposit in the Escrow Fund. Notwithstanding any provision contained herein to the contrary, neither the Escrow Agent nor the Paying Agent shall have any liability whatsoever for the insufficiency of funds from time to time in the Escrow Fund or any failure of the obligors of the Escrowed Securities to make timely payment thereon, except for the obligation to notify the Issuer as promptly as practicable of any such occurrence.

(b) The recitals herein and in the proceedings authorizing the Refunding Bonds shall be taken as the statements of the Issuer and shall not be considered as made by, or imposing any obligation or liability upon, the Escrow Agent. The Escrow Agent is not a party to the proceedings authorizing the Refunding Bonds or the Refunded Obligations and is not responsible for nor bound by any of the provisions thereof (except as a place of payment and paying agent and/or a Paying Agent/Registrar therefor). In its capacity as Escrow Agent, it is agreed that the Escrow Agent need look only to the terms and provisions of this Agreement.

(c) The Escrow Agent makes no representations as to the value, conditions or sufficiency of the Escrow Fund, or any part thereof, or as to the title of the Issuer thereto, or as to the security afforded thereby or hereby, and the Escrow Agent shall not incur any liability or responsibility in respect to any of such matters.

(d) It is the intention of the parties hereto that the Escrow Agent shall never be required to use or advance its own funds or otherwise incur personal financial liability in the performance of any of its duties or the exercise of any of its rights and powers hereunder.

(e) The Escrow Agent shall not be liable for any action taken or neglected to be taken by it in good faith in any exercise of reasonable care and believed by it to be within the discretion or power conferred upon it by this Agreement, nor shall the Escrow Agent be responsible for the consequences of any error of judgment; and the Escrow Agent shall not be answerable except for its own action, neglect or default, nor for any loss unless the same shall have been through its negligence or willful misconduct.

(f) Unless it is specifically otherwise provided herein, the Escrow Agent has no duty to determine or inquire into the happening or occurrence of any event or contingency or the performance or failure of performance of the Issuer with respect to arrangements or contracts with others, with the Escrow Agent's sole duty hereunder being to safeguard the Escrow Fund, to dispose of and deliver the same in accordance with this Agreement. If, however, the Escrow Agent is called upon by the terms of this Agreement to determine the occurrence of any event or contingency, the Escrow Agent shall be obligated, in making such determination, only to exercise reasonable care and diligence, and in event of error in making such determination the Escrow Agent shall be liable only for its own willful misconduct or its negligence. In determining the occurrence of any such event or contingency the Escrow Agent may request from the Issuer or any other person such reasonable additional evidence as the Escrow Agent in its discretion may deem necessary to determine any fact relating to the occurrence of such event or contingency, and in this connection may make inquiries of, and consult with, among others, the Issuer at any time.

(g) To the extent permitted by law, the Issuer agrees to indemnify the Escrow Agent 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 7.03. Compensation.

(a) Concurrently with the sale and delivery of the Refunding Bonds, the Issuer shall pay to the Escrow Agent, as a fee for performing the services hereunder and for all expenses incurred or to be incurred by the Escrow Agent in the administration of this Agreement, the amount set forth in Exhibit G, attached hereto and made a part hereof, the sufficiency of which is hereby acknowledged by the Escrow Agent. In the event that the Escrow Agent is requested to perform any extraordinary services hereunder, the Issuer hereby agrees to pay reasonable fees to the Escrow Agent for such extraordinary services and to reimburse the Escrow Agent for all expenses incurred by the Escrow Agent in performing such extraordinary services, and the Escrow Agent hereby agrees to look only to the Issuer for the payment of such fees and reimbursement of such expenses. The Escrow Agent hereby agrees that in no event shall it ever assert any claim or lien against the Escrow Fund for any fees for its services, whether regular or extraordinary, as Escrow Agent, or in any other capacity, or for reimbursement for any of its expenses.

(b) The Paying Agent is the place of payment (paying agent) for the Refunded Obligations. The Issuer covenants to timely pay for all future paying agency services of the Paying

Agent for the Refunded Obligations in accordance with the paying agent fee schedule now in effect through the final payment of the Refunded Obligations.

(c) Upon receipt of the aforesaid specific sums stated in subsections (a) and (b) of this Section 7.03 for Escrow Agent fees, expenses, and services, the Escrow Agent shall acknowledge such receipt to the Issuer in writing.

Section 7.04. Successor Escrow Agents.

(a) If at any time the Escrow Agent or its legal successor or successors should become unable, through operation of law or otherwise, to act as escrow agent hereunder, or if its property and affairs shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy or for any other reason, a vacancy shall forthwith exist in the office of Escrow Agent hereunder. In such event the Issuer, by appropriate action, promptly shall appoint an Escrow Agent to fill such vacancy. If no successor Escrow Agent shall have been appointed by the Issuer within 60 days, a successor may be appointed by the owners of a majority in principal amount of the Refunded Obligations then outstanding by an instrument or instruments in writing filed with the Issuer, signed by such owners or by their duly authorized attorneys-in-fact. If, in a proper case, no appointment of a successor Escrow Agent shall be made pursuant to the foregoing provisions of this section within three months after a vacancy shall have occurred, the owner of any Refunded Obligation may apply to any court of competent jurisdiction to appoint a successor Escrow Agent. Such court may thereupon, after such notice, if any, as it may deem proper, prescribe and appoint a successor Escrow Agent.

(b) Any successor Escrow Agent shall be: (i) a corporation, bank or banking association organized and doing business under the laws of the United States or the State of Texas; (ii) be authorized under such laws to exercise corporate trust powers; (iii) be authorized under Texas law to act as an escrow agent; under Chapter 1207 (iv) have a combined capital and surplus of at least \$5,000,000; and (v) be subject to the supervision or examination by Federal or State authority.

(c) Any successor Escrow Agent shall execute, acknowledge and deliver to the Issuer and the Escrow Agent an instrument accepting such appointment hereunder, and the Escrow Agent shall execute and deliver an instrument transferring to such successor Escrow Agent, subject to the terms of this Agreement, all the rights, powers and trusts of the Escrow Agent hereunder. Upon the request of any such successor Escrow Agent, the Issuer shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Escrow Agent all such rights, powers and duties.

(d) The Escrow Agent at the time acting hereunder may at any time resign and be discharged from the trust hereby created by giving not less than sixty (60) days' written notice to the Issuer and publishing notice thereof, specifying the date when such resignation will take effect, in a newspaper printed in the English language and with general circulation in New York, New York, such publication to be made once at least three (3) weeks prior to the date when the resignation is to take effect. No such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the owners of the Refunded Obligations or by the Issuer as

herein provided and such successor Escrow Agent shall be a paying agent for the Refunded Obligations or a trust company or commercial bank that does not act as a depository for the Issuer and shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

(e) Under any circumstances, the Escrow Agent shall pay over to its successor Escrow Agent proportional parts of the Escrow Agent's fee and, if applicable, its Paying Agent's fee hereunder.

ARTICLE VIII

MISCELLANEOUS

Section 8.01. Notice. Any notice, authorization, request, or demand required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when mailed by registered or certified mail, postage prepaid addressed to the Issuer or the Escrow Agent at the address shown on Exhibit A attached hereto. The United States Post Office registered or certified mail receipt showing delivery of the aforesaid shall be conclusive evidence of the date and fact of delivery. Any party hereto may change the address to which notices are to be delivered by giving to the other parties not less than ten (10) days prior notice thereof. Prior written notice of any amendment to this Agreement contemplated pursuant to Section 8.08 and immediate written notice of any incidence of a severance pursuant to Section 8.04 shall be sent to Moody's Investors Service, Attn: Public Finance Rating Desk/Refunded Bonds, 99 Church Street, New York, New York 10007, and Standard & Poor's Corporation, Attn: Municipal Bond Department, 25 Broadway, New York, New York 10004.

Section 8.02. Termination of Responsibilities. Upon the taking of all the actions as described herein by the Escrow Agent, the Escrow Agent shall have no further obligations or responsibilities hereunder to the Issuer, the owners of the Refunded Obligations or to any other person or persons in connection with this Agreement.

Section 8.03. Binding Agreement. This Agreement shall be binding upon the Issuer and the Escrow Agent and their respective successors and legal representatives, and shall inure solely to the benefit of the owners of the Refunded Obligations, the Issuer, the Escrow Agent and their respective successors and legal representatives.

Section 8.04. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provisions of this Agreement, but this Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein.

Section 8.05. Texas Law Governs. This Agreement shall be governed exclusively by the provisions hereof and by the applicable laws of the State of Texas.

Section 8.06. Time of the Essence. Time shall be of the essence in the performance of obligations from time to time imposed upon the Escrow Agent by this Agreement.

Section 8.07. Effective date of Agreement. This Agreement shall be effective upon receipt by the Escrow Agent of the funds described in Section 2.01, together with the specific sums stated in subsection (a) of Section 7.03 for Escrow Agent fees, expenses, and services.

Section 8.08. Amendments. This Agreement is made for the benefit of the Issuer, the Escrow Agent and the holders or owners from time to time of the Refunded Obligations, and it shall not be repealed, revoked, altered or amended without the written consent of all such holders or owners and the written consent of the Escrow Agent and the Issuer; *provided, however*, that the Issuer and the Escrow Agent may, without the consent of, or notice to, such holders or owners and as shall not be inconsistent with the terms and provisions of this Agreement amend this Agreement to cure any ambiguity or formal defect or omission in this Agreement; but provided further that no amendment to or alteration of this Agreement shall conflict with the requirements for firm banking and financial arrangements in accordance with Chapter 1207. No such amendment shall adversely affect the rights of the holders of the Refunded Obligations. No amendment shall be effective unless the same shall be in writing and signed by the parties thereto.

Section 8.09. Counterparts. This Agreement may be executed in one or more counterparts, each and all of which shall be deemed an original for all purposes, and all counterparts shall together constitute one and the same instrument.

Section 8.10. No Boycott of Israel. (a) The Escrow Agent represents and warrants, for purposes of Chapter 2270 of the Texas Government Code, that at the time of execution and delivery of this Agreement, neither the Escrow Agent, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Escrow Agent, boycotts Israel. The Escrow Agent agrees that, except to the extent otherwise required by applicable federal law, including, without limitation, 50 U.S.C. Section 4607, neither the Escrow Agent, nor any wholly-owned subsidiary, majority-owned subsidiary, parent company, or affiliate of the Escrow Agent, will boycott Israel during the term of this Agreement. The terms "boycotts Israel" and "boycott Israel" as used in this clause (A) has the meaning assigned to the term "boycott Israel" in Section 808.001 of the Texas Government Code.

(b) The Escrow Agent represents and warrants, for purposes of Subchapter F of Chapter 2252 of the Texas Government Code, that at the time of execution and delivery of this Agreement neither the Escrow Agent, nor any wholly owned subsidiary, majority-owned subsidiary, parent company or affiliate of the Escrow Agent, (i) engages in business with Iran, Sudan or any foreign terrorist organization as described in Chapters 806 or 807 of the Texas Government Code, or Subchapter F of Chapter 2252 of the Texas Government Code, or (ii) is a company listed by the Texas Comptroller under Sections 806.051, 807.051 or 2252.153 of the Texas Government Code.

The term "foreign terrorist organization" as used in this clause (B) has the meaning assigned to such term in Section 2252.151.

(Execution Page Follows)

EXECUTED as of the date first written above.

CITY OF CORSICANA, TEXAS

By: _____
Mayor

U.S. BANK NATIONAL ASSOCIATION

By: _____
Name: _____
Title: _____

INDEX TO EXHIBITS

<u>Exhibit A</u>	Addresses of the Issuer and the Escrow Agent
<u>Exhibit B</u>	Schedule of Refunded Obligations
<u>Exhibit C</u>	Schedule of Debt Service on Refunded Obligations
<u>Exhibit D</u>	Sufficiency Certificate of Series 2007 Bonds Paying Agent
<u>Exhibit E</u>	Sufficiency Certificate of Series 2008 Bonds Paying Agent
<u>Exhibit F</u>	Escrow Fund Cash Flow
<u>Exhibit G</u>	Escrow Agent Fees

EXHIBIT A

ADDRESSES OF THE ISSUER AND THE ESCROW AGENT

ISSUER

City of Corsicana, Texas
200 N. 12th Street
Corsicana, Texas 75110

ESCROW AGENT

U.S. Bank National Association
[]

Attn: Corporate Trust Services

EXHIBIT B**SCHEDULE OF REFUNDED OBLIGATIONS**

Description	Maturities	Principal Amount Outstanding	Principal Amount Refunded
Waterworks and Sewer System Revenue Refunding Bonds, Series 2007	August 15, 2018	\$710,000	\$
	August 15, 2019	735,000	
	August 15, 2020	765,000	
	August 15, 2021	800,000	
	August 15, 2022	830,000	
Total		<u>\$ 3,840,000</u>	<u>\$3,840,000</u>

Called for redemption on [], 2018, at par, plus accrued interest.

Description	Maturities	Principal Amount Outstanding	Principal Amount Refunded
General Obligation Bonds, Series 2008	February 15, 2028	\$2,050,000	\$1,090,000

Called for redemption on [], 2018, at par, plus accrued interest.

EXHIBIT C

SCHEDULE OF DEBT SERVICE ON REFUNDED OBLIGATIONS

(See attached)

EXHIBIT D

SUFFICIENCY CERTIFICATE OF SERIES 2007 BONDS
PAYING AGENT

(See attached)

EXHIBIT E

SUFFICIENCY CERTIFICATE OF SERIES 2008 BONDS
PAYING AGENT

(Paying Agent)

EXHIBIT F

ESCROW FUND CASH FLOW

(See attached)

EXHIBIT G

ESCROW AGENT FEES

(See attached)