

CERTIFICATE FOR ORDINANCE

STATE OF TEXAS §
COUNTY OF BURNET §
CITY OF MEADOWLAKES §

I, the undersigned officer of the City of Meadowlakes, Texas (the “City”), hereby certify as follows:

1. The City Council of the City convened in a regular meeting on June 11, 2013, at the regular meeting place thereof, within the City, and the roll was called of the duly constituted officers and members of the City Council, to wit:

Don Williams	Mayor
Mary Ann Raesener	Council Member
Eileen Harrison	Council Member
Gary Hammond	Council Member
Paul Sareione	Council Member
Barry Cunningham	Council Member

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

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF MEADOWLAKES, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013; AUTHORIZING A PRICING OFFICER TO APPROVE THE AMOUNT, THE INTEREST RATES, PRICE, REDEMPTION PROVISIONS AND TERMS THEREOF AND CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING OBLIGATIONS; AND CONTAINING OTHER MATTERS RELATED THERETO

(the “Ordinance”) was duly introduced for the consideration of the City Council and read in full. It was then duly moved and seconded that the Ordinance be adopted; and, after due discussion, such motion, carrying with it the adoption of the Ordinance, prevailed and carried by the following vote:

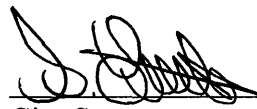
AYES: 6 NAYS: 0 ABSTENTIONS: 0

2. That a true, full and correct copy of the Ordinance adopted at the meeting described in the above and foregoing paragraph is attached to and follows this certificate; that the Ordinance has been duly recorded in the City Council’s minutes of such meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the City Council’s minutes of

such meeting pertaining to the adoption of the Ordinance; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the City Council as indicated therein; that each of the officers and members of the City Council was duly and sufficiently notified officially and personally, in advance, of the date, hour, place and subject of the aforesaid meeting, and that the Ordinance would be introduced and considered for adoption at such meeting, and each of such officers and members consented, in advance, to the holding of such meeting for such purpose; that such meeting was open to the public as required by law; and that public notice of the date, hour, place and subject of such meeting was given as required by the Open Meetings Law, Chapter 551, Texas Government Code.

SIGNED AND SEALED this 11th day of June, 2013.

CITY OF MEADOWLAKES, TEXAS



City Secretary



ORDINANCE NO. 2013-03

ORDINANCE AUTHORIZING THE ISSUANCE OF CITY OF MEADOWLAKES, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2013; AUTHORIZING A PRICING OFFICER TO APPROVE THE AMOUNT, THE INTEREST RATES, PRICE, REDEMPTION PROVISIONS AND TERMS THEREOF AND CERTAIN OTHER PROCEDURES AND PROVISIONS RELATED THERETO; AUTHORIZING THE REDEMPTION PRIOR TO MATURITY OF CERTAIN OUTSTANDING OBLIGATIONS; AND CONTAINING OTHER MATTERS RELATED THERETO

WHEREAS, the City of Meadowlakes, Texas (the “City”) has heretofore issued and now desires to refund in advance of their maturities all or a portion of the obligations described in Exhibit A to this Ordinance (collectively, the “Refunding Candidates”), subject to certain parameters set forth herein; and

WHEREAS, the City is authorized by Chapter 1207, Texas Government Code, as amended (“Chapter 1207”), to issue refunding bonds for the purpose of refunding the Refunded Obligations (hereinafter defined) and to accomplish such refunding by depositing directly with any place of payment for the Refunded Obligations or a trust company or commercial bank the proceeds from the sale of such refunding bonds, together with any other available funds, in an amount sufficient to provide for the payment or redemption of the Refunded Obligations, and pursuant to Chapter 1207 such deposit shall constitute the making of firm banking and financial arrangements for the discharge and final payment or redemption of the Refunded Obligations; and

WHEREAS, it is hereby found and determined that the refunding must result in a gross savings and a present value savings to the City, as herein provided, and that such savings are sufficient consideration and constitute the public purpose for the issuance of the refunding bonds herein authorized and the refunding of the Refunded Obligations, and such refunding is in the best interest of the City; and

WHEREAS, pursuant to Section 1207.007, Texas Government Code, as amended, the City desires to delegate the authority to effect the sale of the refunding bonds to the Pricing Officer (hereinafter defined); and

WHEREAS, all of the Refunded Obligations mature or are subject to redemption prior to maturity within twenty (20) years of the date of the refunding bonds herein authorized; and

WHEREAS, upon the issuance of the refunding bonds and the deposit of moneys and investments herein authorized, the Refunded Obligations shall no longer be regarded as being outstanding, except for the purpose of being paid from such moneys and investments, and the pledges, liens, trusts and all other covenants, provisions, terms and conditions of the order authorizing the issuance of the Refunded Obligations shall be, with respect to the Refunded Obligations, discharged, terminated and defeased;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MEADOWLAKES, TEXAS:

Section 1: Definitions; Findings; Titles and Headings.

(a) Unless otherwise expressly provided or unless the context clearly requires otherwise, capitalized terms used in this Ordinance shall have meanings specified in Exhibit B attached hereto.

(b) The declarations, determinations and findings declared, made and found in the preamble to this Ordinance are hereby adopted, restated and made a part of the operative provisions hereof.

(c) The titles and heading of the Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 2: Authorization; Principal Amount; Purpose; Designation and Date. The Bonds shall be and are hereby authorized to be issued in the principal amount set forth in the Pricing Officer's Certificate, subject to the limitations set forth in Section 4 of this Ordinance, for the purpose of (i) refunding the Refunded Obligations and (ii) paying the costs of issuance of the Bonds and of refunding the Refunded Obligations. The Bonds shall be issued under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapter 1207. The Bonds shall be designated and shall be dated as provided in the Pricing Officer's Certificate.

Section 3: Fully Registered Obligations; Authorized Denominations; Stated Maturities. The Bonds are issuable in fully registered form only in denominations of \$5,000 or any integral multiple thereof within a stated maturity (unless otherwise provided in the Pricing Officer's Certificate), and the Bonds shall be numbered and mature on the dates, in the years and in the amounts set forth in the Pricing Officer's Certificate. Bonds delivered on transfer of or in exchange for other Bonds shall be numbered in order of their authentication by the Paying Agent/Registrar. The Bonds shall bear interest from the date or dates and at the rates (which shall be calculated on the basis) set forth in the Pricing Officer's Certificate. Interest on the Bonds shall be payable on each Interest Payment Date, as provided in the Pricing Officer's Certificate.

Section 4: Delegation to Pricing Officer.

(a) As authorized by Section 1207.007, Texas Government Code, the Pricing Officer is hereby authorized to act on behalf of the City Council in selling and delivering the Bonds and carrying out the other procedures specified in this Ordinance, including, without limitation, determining the date on and price at which the Bonds will be sold, the issuance date and dated date therefor, the designation or title by which the Bonds shall be known, the years in which the Bonds will mature, the aggregate principal amount of the Bonds, the principal amount to mature in each year of maturity, the rate or rates of interest to be borne by each such maturity, the Interest Payment Dates and Record Dates

therefor, any redemption provisions applicable thereto (including optional and mandatory sinking fund redemption provisions), the Refunding Candidates that are to be refunded, and all other matters relating to the issuance, sale and delivery of the Bonds (including whether to apply for and procure bond insurance with one or more bond insurers) and the refunding of the Refunded Obligations, including establishing the date or dates of redemption for and effecting the redemption of the Refunded Obligations, all of which shall be specified in the Pricing Officer's Certificate, in the form attached hereto as Exhibit C, with such changes in such form as the Pricing Officer shall determine; provided that:

(i) the aggregate principal amount of the Bonds shall not exceed \$3,500,000;

(ii) the refunding must produce (A) positive gross debt service savings and (B) net present value debt service savings of not less than four percent (4.00%), as shown by a table of calculations prepared by the City's financial advisor and attached to the Pricing Officer's Certificate;

(iii) the true interest rate of the Bonds (expressed as an interest rate and being the rate used to determine the federal income tax arbitrage yield) shall not exceed three percent (3.00%); and

(iv) any finding by a Pricing Officer relating to the sale and delivery of the Bonds and the designation of particular Refunding Candidates to be refunded shall have the same force and effect as a finding or determination made by the City Council.

(b) In establishing the aggregate principal amount of the Bonds, the Pricing Officer shall establish an amount, not exceeding the amount authorized in subsection (a) above, which shall be sufficient to provide for the purposes for which the Bonds are authorized and to pay the costs of issuing the Bonds and refunding the Refunded Obligations. The Bonds shall be sold at such price, with and subject to such terms, as set forth in the Pricing Officer's Certificate.

(c) The authority to act on behalf of the City Council in selling Bonds conferred by this Section and to execute a Bond Purchase Agreement pursuant to Section 23 shall expire at 10:00 p.m. on the 180th day following the date of this Ordinance (the "Expiration Date"). Bonds sold pursuant to a Bond Purchase Agreement executed on or before the Expiration Date may be delivered after such date.

Section 5: Terms of Payment; Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Bonds, due and payable by reason of maturity, redemption, or otherwise, shall be payable only to the registered owners or holders of the Bonds (hereinafter called the "Holders") appearing on the registration and transfer books maintained by the Paying Agent/Registrar and the payment thereof shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts, and shall be without exchange or collection charges to the Holders.

The Paying Agent/Registrar for the Bonds is hereby appointed as the registrar and paying agent for the Bonds pursuant to the terms and provisions of the Paying Agent/Registrar Agreement, substantially in the form presented at the meeting at which this Ordinance was adopted, and which is hereby authorized and approved by the City Council and which the appropriate officials of the City are hereby authorized to execute. Books and records relating to the registration, payment, transfer and exchange of the Bonds (the "Security Register") shall at all times be kept and maintained on behalf of the City by the Paying Agent/Registrar, as provided herein and in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, substantially in the form presented at the meeting at which this Ordinance was adopted, and such reasonable rules and regulations as the Paying Agent/Registrar and the City may prescribe. The Mayor is authorized and directed to execute and deliver, and the City Secretary is authorized and directed to attest, such agreement in connection with the delivery of the Bonds. The City covenants to maintain and provide a Paying Agent/Registrar at all times until the Bonds are paid and discharged, and any successor Paying Agent/Registrar shall be a bank, trust company, financial institution or other entity qualified and authorized to serve in such capacity and perform the duties and services of Paying Agent/Registrar. Upon any change in the Paying Agent/Registrar for the Bonds, the City agrees to promptly cause a written notice thereof to be sent to each Holder by United States Mail, first class postage prepaid, which notice shall also give the address of the successor Paying Agent/Registrar.

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

In the event of a non-payment of interest on a scheduled payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received. Notice of the Special Record Date and of the scheduled payment date of the past due interest (which shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) business days prior to the Special Record Date by United States Mail, first class postage prepaid, to the address of each Holder appearing on the Security Register at the close of business on the last business day next preceding the date of mailing of such notice.

Section 6: Redemption.

(a) The Bonds shall be subject to redemption as provided in the Pricing Officer's Certificate.

(b) Unless otherwise provided in the Pricing Officer's Certificate, Bonds may be redeemed only in integral multiples of \$5,000 of principal amount. If a Bond subject to redemption is in a denomination larger than \$5,000, a portion of such Bond may be redeemed, but only in integral multiples of \$5,000. In selecting portions of Bonds for redemption, the Paying Agent/Registrar shall treat each Bond as representing that number of Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Bond by \$5,000. Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 8 hereof, shall authenticate and deliver in exchange therefor a Bond or Bonds of like type, maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

(c) Not less than thirty (30) days prior to a redemption date for the Bonds, a notice of redemption will be sent by U.S. mail, first class postage prepaid, in the name of the City to each Holder of a Bond to be redeemed in whole or in part at the address of such Holder appearing on the Security Register at the close of business on the Business Day next preceding the date of mailing. Such notice shall state the redemption date, the redemption price, the place at which Bonds are to be surrendered for payment and, if less than all Bonds outstanding are to be redeemed, the numbers of Bonds or portions thereof to be redeemed. Any notice of redemption so mailed as provided in this Section will be conclusively presumed to have been duly given, whether or not the Holder receives such notice. By the date fixed for redemption, due provision shall be made with the Paying Agent/Registrar for payment of the redemption price of the Bonds or portions thereof to be redeemed. When Bonds have been called for redemption in whole or in part and notice of redemption has been given as herein provided, the Bonds or portions thereof so redeemed shall no longer be regarded to be outstanding, except for the purpose of receiving payment solely from the funds so provided for redemption, and interest which would otherwise accrue or compound after the redemption date on any Bond or portion thereof called for redemption shall terminate on the date fixed for redemption.

(d) With respect to any optional redemption of the Bonds, unless all prerequisites to such redemption required by this Ordinance and the Pricing Officer's Certificate have been met, including moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed having been received by the Paying Agent/Registrar prior to the giving of notice of such redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of all prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, and if such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City 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.

Section 7: Ownership; Unclaimed Principal and Interest. The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal of or interest on such Bond and for all other purposes, whether or not such Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Amounts held by the Paying Agent/Registrar which represent principal of and interest on the Bonds remaining unclaimed by the Holder after the expiration of three (3) years from the date such amounts have become due and payable shall be reported and disposed of by the Paying Agent/Registrar in accordance with the applicable provisions of Texas law, including, to the extent applicable, Title 6 of the Texas Property Code, as amended. To the extent such provisions of the Property Code do not apply to the funds, such funds shall be paid by the Paying Agent/Registrar to the City upon receipt by the Paying Agent/Registrar of a written request therefor from the City. The Paying Agent/Registrar shall have no liability to the Holder of any Bond by virtue of actions taken in compliance with this Section.

Section 8: Registration; Transfer and Exchange of Bonds; Predecessor Bonds. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of each and every owner of the Bonds issued under and pursuant to the provisions of this Ordinance, or if appropriate, the nominee thereof. Any Bond may be transferred or exchanged for Bonds of other authorized denominations by the Holder, in person or by his duly authorized agent, upon surrender of such Bond to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Upon surrender of any Bond (other than the Initial Bond(s) authorized in Section 13 hereof) for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar, the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Bonds of authorized denominations and having the same stated maturity and of a like aggregate principal amount as the Bond or Bonds surrendered for transfer.

At the option of the Holder, Bond(s) (other than the Initial Bond(s) authorized in Section 13 hereof) may be exchanged for other Bond(s) of authorized denominations and having the same stated maturity, bearing the same rate of interest and of like aggregate principal amount as the Bond(s) surrendered for exchange, upon surrender of the Bond(s) to be exchanged at the Designated Payment/Transfer Office of the Paying Agent/Registrar. Whenever any Bond is surrendered for exchange, the Paying Agent/Registrar shall register and deliver new Bond(s) to the Holder requesting the exchange.

All Bonds issued upon any transfer or exchange of Bonds shall be delivered to the Holders at the Designated Payment/Transfer Office of the Paying Agent/Registrar or sent by United States mail, first class, postage prepaid to the Holders, and, upon the registration and delivery thereof, the same shall be the valid obligations of the City, evidencing the same

obligation to pay, and entitled to the same benefits under this Ordinance, as the Bonds surrendered in such transfer or exchange.

All transfers or exchanges of Bonds pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange. To the extent possible, new Bonds issued in an exchange or transfer of Bonds will be delivered to the Holder or assignee of the Holder in not more than three (3) business days after the receipt of the Bonds to be canceled, and the written instrument of transfer or request for exchange duly executed by the Holder or his duly authorized agent, in form satisfactory to the Paying Agent/Registrar.

Bonds cancelled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be "Predecessor Bonds," evidencing all or a portion, as the case may be, of the same obligation to pay evidenced by the new Bond or Bonds registered and delivered in the exchange or transfer therefor. Additionally, the term "Predecessor Bonds" shall include any mutilated, lost, destroyed, or stolen Bond for which a replacement Bond has been issued, registered and delivered in lieu thereof pursuant to the provisions of Section 18 hereof and such new replacement Bond shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Bond.

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

Section 9: Book-Entry Only System. The definitive Bonds 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 DTC, and except as provided in Section 11 hereof, all of the Outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC. 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 Holder at the close of business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant 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 City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (b) the delivery to any DTC Participant or any other person, other than a Holder, as shown on the Security Register, of any notice with respect to the Bonds, or (c) the payment to

any DTC Participant or any other person, other than a Holder, as shown in the Security Register of any amount with respect to principal of, premium, if any, or interest on the Bonds.

Except as provided in Section 11 of this Ordinance, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Security Register as the absolute owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on Bonds and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective owners, as shown in the Security Register 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 City's obligations with respect to payment of principal of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Holder shall receive a Bond certificate evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance.

Section 10: Payments and Notices to Cede & Co. Notwithstanding any other provision of this Ordinance to the contrary, as long as any Bonds are registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on the Bonds, and all notices with respect to such Bonds shall be made and given, respectively, in the manner provided in the representation letter of the City to DTC.

Section 11: Successor Securities Depository; Transfer Outside Book-Entry Only System. In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the representation letter of the City to DTC and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certified Bonds, the City or the Paying Agent/Registrar shall (a) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (b) notify DTC of the availability through DTC of Bonds and transfer one or more separate 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 Security Register 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 Holders transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 12: Execution; Registration. The Bonds shall be executed on behalf of the City by the Mayor under its seal reproduced or impressed thereon and countersigned by the City Secretary. The signature of said officers on the Bonds may be manual or facsimile. Bonds bearing the manual or facsimile signatures of individuals who are or were the proper officers of the City on the Bond Date shall be deemed to be duly executed on behalf of the City, notwithstanding that one or more of the individuals executing the same shall cease to be such officer at the time of delivery of the Bonds to the Purchaser and with respect to Bonds delivered in subsequent exchanges and transfers, all as authorized and provided in Chapter 1201, Texas Government Code, as amended.

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

Section 13: Initial Bond(s). The Bonds herein authorized shall be initially issued either (i) as a single fully registered certificate in the total principal amount stated in the Pricing Officer's Certificate with principal installments to become due and payable as provided therein and numbered T-1, or (ii) as multiple fully registered certificates, being one certificate for each year of maturity in the applicable principal amount and denomination and to be numbered consecutively from T-1 and upward (hereinafter called the "Initial Bond(s)") and, in either case, the Initial Bond(s) shall be registered in the name of the initial purchaser(s) or the designee thereof. The Initial Bond(s) shall be the Bonds submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the initial purchaser(s). Any time after the delivery of the Initial Bond(s), the Paying Agent/Registrar, pursuant to written instructions from the initial purchaser(s), or the designee thereof, shall cancel the Initial Bond(s) delivered hereunder and exchange therefor definitive Bonds of authorized denominations, stated maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written instructions from the initial purchaser(s), or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

Section 14: Forms. The form of the Bonds, including the form of the Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas (which shall be attached or affixed to the Bonds initially issued) shall be, respectively, substantially as shown in the Pricing Officer's Certificate attached hereto as Exhibit C, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance and may have such letters, numbers, or other marks of identification, including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association ("CUSIP Numbers"), and such legends and endorsements (including insurance legends in the event the Bonds, or any maturities thereof, are purchased with insurance and any reproduction of an opinion of counsel) thereon as may, consistently herewith, be established by the Pricing Officer or determined by the officers executing such Bonds, as evidenced by their execution; provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor attorneys approving the Bonds as to legality shall be responsible for CUSIP numbers incorrectly printed or typed on the Bonds. Any portion of the text of any Bonds may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the certificate.

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

Section 15: Bond Fund. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption and retirement of the Bonds, there shall be and is hereby created a special account or fund on the books and records of the City known as the “City of Meadowlakes, Texas, General Obligation Refunding Bonds, Series 2013 Debt Service Fund Fund” (the “Bond Fund”), and all moneys deposited to the credit of the Bond Fund shall be kept and maintained in a special banking account at the City's depository bank. Authorized officials of the City are hereby authorized and directed to make withdrawals from the Bond Fund sufficient to pay the principal of, premium, if any, and interest on the Bonds, as the same become due and payable, and to cause to be transferred to the Paying Agent/Registrar from moneys on deposit in the Bond Fund an amount sufficient to pay the amount of principal and/or interest falling due on the Bonds, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the last business day next preceding each interest and principal payment date for the Bonds.

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

Section 16: Tax Levy.

(a) To provide for the payment of principal of and interest on the Bonds, there is hereby levied, within the limits prescribed by law, for the current year and each succeeding year thereafter, while the Bonds or any part of the principal thereof and the interest thereon remain outstanding and unpaid, an ad valorem tax upon all taxable property within the City sufficient to pay the interest on the Bonds and to create and provide a sinking fund of not less than 2% of the principal amount of the Bonds or not less than the principal payable out of such tax, whichever is greater, with full allowance being made for tax delinquencies and the costs of tax collection, and such taxes, when collected, shall be applied to the payment of principal of and interest on the Bonds by deposit to the Bond Fund and to no other purpose.

(b) The City hereby declares its purpose and intent to provide and levy a tax legally sufficient to pay the principal of and interest on the Bonds, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax.

(c) To pay the debt service coming due on the Bonds 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 sufficient to pay such debt service, and such amount shall be used for no other purpose.

Section 17: Security of Funds. All moneys on deposit in the funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and moneys on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

Section 18: Mutilated, Destroyed, Lost or Stolen Bonds. Upon the presentation and surrender to the Paying Agent/Registrar of a damaged or mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Holder of a damaged or mutilated Bond to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection therewith, including the fees and expenses of the Paying Agent/Registrar.

If any Bond is lost, apparently destroyed or wrongfully taken, the City, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall execute and the Paying Agent/Registrar shall authenticate and deliver a replacement Bond of like maturity, interest rate and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Holder of a lost, apparently destroyed or wrongfully taken Bond, before any replacement Bond is issued, to:

- (a) furnish to the City and the Paying Agent/Registrar satisfactory evidence of the ownership of and the circumstances of the loss, destruction or theft of such Bond;
- (b) furnish such security or indemnity as may be required by the Paying Agent/Registrar and the City to save them harmless;
- (c) pay all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that may be imposed; and
- (d) meet any other reasonable requirements of the City and the Paying Agent/Registrar.

If, after the delivery of a replacement Bond, a bona fide purchaser of the original Bond in lieu of which such replacement Bond was issued presents for payment such original Bond, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Bond from the person to whom it was delivered or any person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expense incurred by the City or the Paying Agent/Registrar in connection therewith.

If any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the City in its discretion may, instead of issuing a replacement Bond, authorize the Paying Agent/Registrar to pay such Bond.

Each replacement Bond delivered in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

Section 19: Satisfaction of Obligation of City.

(a) If the City shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Bonds, at the times and in the manner stipulated in this Ordinance, then the limited pledge of taxes levied under this Ordinance and all covenants, agreements, and other obligations of the City to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

(b) The City may defease the provisions of this Ordinance and discharge its obligations to pay the principal of and interest on any or all of the Bonds (a “Defeased Bond”) in any manner now or hereafter permitted by law, including by depositing with the Paying Agent/Registrar, a trust company or commercial bank other than the Paying Agent/Registrar, or with the Comptroller of Public Accounts of the State of Texas either:

(i) cash in an amount equal to the principal amount of such Bonds and premium, if any, and interest thereon to the date of maturity or redemption; or

(ii) pursuant to an escrow or trust agreement, cash and/or Government Securities, which (in the case of Government Securities) may be in book-entry form and the principal of and interest on which will, when due or redeemable at the option of the holder, without further investment or reinvestment of either the principal amount thereof or the interest earnings thereon, provide money in an amount which, together with other moneys, if any, held in such escrow at the same time and available for such purpose, shall be sufficient to provide for the timely payment of the principal of, premium, if any, and interest on such Defeased Bond(s) to their respective date(s) of maturity or earlier redemption;

provided, however, that if any of the Bonds are to be redeemed prior to their respective dates of maturity, provision shall have been made for giving notice of redemption as provided in this Ordinance. The City covenants that no deposit of moneys or Government Securities will be made under this Section and no use made of any such deposit which would cause the Bonds to be treated as “arbitrage bonds” within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, or regulations adopted pursuant thereto.

Upon such deposit, such Bonds shall no longer be regarded to be Outstanding or unpaid. Any surplus amounts not required to accomplish such defeasance shall be returned to the City.

(c) Any agreement pursuant to which the money and/or Government Securities are held for the payment of Defeased Bonds may contain provisions permitting the investment or reinvestment of such moneys in Government Securities or the substitution of other Government Securities that mature in amounts and at times that will satisfy the requirements specified in subsection (b) above. Any moneys so deposited with the Paying Agent/Registrar, or an authorized escrow agent, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section which is not required for the payment of the Defeased Bonds, or any principal amount(s) thereof or premium or interest thereon with respect to which such moneys have been so deposited, shall be remitted to the City or deposited as directed by the City.

(d) Any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Bonds and remaining unclaimed for a period of three (3) years after the Stated Maturity, or applicable redemption date, of the Bonds such moneys were deposited and are held in trust to pay shall upon the request of the City be remitted to the City against a written receipt therefor. Notwithstanding the above and foregoing, any remittance of funds from the Paying Agent/Registrar to the City shall be subject to any applicable unclaimed property laws of the State of Texas.

Section 20: Ordinance a Contract; Amendments. This Ordinance shall constitute a contract with the Holders from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Bond remains Outstanding except as permitted in this Section and in Section 33 hereof. The City may, without the consent of or notice to any Holders, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Holders, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the consent of Holders owning a majority in aggregate principal amount of the Bonds then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Holders of Outstanding Bonds, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, premium, if any, and interest on the Bonds, reduce the principal amount thereof, the redemption price, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, premium, if any, or interest on the Bonds, (2) give any preference to any Bond over any other Bond, or (3) reduce the aggregate principal amount of Bonds required to be held by Holders for consent to any such amendment, addition, or rescission.

Section 21: Covenants to Maintain Tax-Exempt Status.

(a) The City intends that the interest on the Bonds shall be excludable from gross income of the owners thereof for federal income tax purposes pursuant to Sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended, (the "Code") and all applicable temporary, proposed and final regulations (the "Regulations") and procedures promulgated thereunder and applicable to the Bonds. For this purpose, the City covenants that it will monitor and control the receipt, investment, expenditure and use of all gross proceeds of the Bonds (including all property, the acquisition, construction or improvement of which is to be financed directly or indirectly with the

proceeds of the Bonds or the Refunded Obligations) and take or omit to take such other and further actions as may be required by Sections 103 and 141 through 150 of the Code and the Regulations to cause the interest on the Bonds to be and remain excludable from the gross income, as defined in Section 61 of the Code, of the owners of the Bonds for federal income tax purposes. Without limiting the generality of the foregoing, the City shall comply with each of the following covenants:

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

(ii) Except as permitted by Section 141 of the Code and the regulations and rulings thereunder, the City shall, at all times prior to the last stated maturity of the Bonds,

(A) exclusively own, operate, and possess all property the acquisition, construction, or improvement of which is to be financed directly or indirectly with Gross Proceeds of such series of the Bonds (including property financed with Gross Proceeds of the Refunded Obligations or notes or bonds refunded by the Refunded Obligations and not use or permit the use of such Gross Proceeds or any property acquired, constructed, or improved with such Gross Proceeds in any activity carried on by any person or entity other than a state or local government, unless such use is solely as a member of the general public, or

(B) not directly or indirectly impose or accept any charge or other payment for use of Gross Proceeds of such series of the Bonds or any property the acquisition, construction or improvement of which is to be financed directly or indirectly with such Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations or notes or bonds refunded by the Refunded Obligations other than taxes of general application and interest earned on investments acquired with such Gross Proceeds pending application for their intended purposes.

(iii) Except to the extent permitted by Section 141 of the Code and the regulations and rulings thereunder, the City shall not use Gross Proceeds of the Bonds to make or finance loans to any person or entity other than a state or local government. For purposes of the foregoing covenant, Gross Proceeds are considered to be "loaned" to a person or entity if (i) property acquired,

constructed or improved with Gross Proceeds (including property financed with Gross Proceeds of the Refunded Obligations or notes or bonds refunded by the Refunded Obligations is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes, (ii) capacity in or service from such property is committed to such person or entity under a take-or-pay, output, or similar contract or arrangement, or (iii) indirect benefits, or burdens and benefits of ownership, of such Gross Proceeds or such property are otherwise transferred in a transaction which is the economic equivalent of a loan.

(iv) Except to the extent permitted by Section 148 of the Code and the regulations and rulings thereunder, the City shall not, at any time prior to the earlier of the final stated maturity or final payment of the Refunded Obligations, directly or indirectly invest Gross Proceeds of such Bonds in any Investment (or use such Gross Proceeds to replace money so invested), if as a result of such investment the Yield of all Investments allocated to such Gross Proceeds whether then held or previously disposed of, exceeds the Yield on the Refunded Obligations.

(v) Based on all of the facts and estimates now known or reasonably expected to be in existence on the date the Bonds are delivered, the City reasonably expects that the proceeds of the Bonds and the Refunded Obligations (to the extent any of such proceeds remain unexpended) will not be used in a manner that would cause the Bonds or the Refunded Obligations or any portion thereof to be “arbitrage bonds” within the meaning of Section 148 of the Code.

(vi) At all times while the Bonds are outstanding, the City will identify and properly account for all amounts constituting gross proceeds of the Bonds in accordance with the Regulations. The City will monitor the yield on the investments of the proceeds of the Bonds and, to the extent required by the Code and the Regulations, will restrict the yield on such investments to a yield which is not materially higher than the yield on the Bonds. To the extent necessary to prevent the Bonds from constituting “arbitrage bonds,” the City will make such payments as are necessary to cause the yield on all yield restricted nonpurpose investments allocable to the Bonds to be less than the yield that is materially higher than the yield on the Bonds.

(vii) The City will not take any action or knowingly omit to take any action, if taken or omitted, would cause the Bonds to be treated as “federally guaranteed” obligations for purposes of Section 149(b) of the Code.

(viii) The City represents that not more than fifty percent (50%) of the proceeds of any new money portion of the Bonds or any new money issue refunded by, the Refunded Obligations was invested in non-purpose investments (as defined in Section 148(f)(b)(A) of the Code) having a substantially guaranteed yield for four years or more within the meaning of Section 149(g)(3)(A)(ii) of the Code, and the City reasonably expected at the time each issue of the Refunded Obligations was issued that at least eighty-five percent (85%) of the spendable

proceeds of the Bonds or the Refunded Obligations would be used to carry out the governmental purpose of such Bonds within the corresponding three-year period beginning on the respective dates of the Bonds or the Refunded Obligations.

(ix) The City will take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the gross proceeds of the Bonds, if any, be rebated to the federal government. Specifically, the City will

(A) maintain records regarding the receipt, investment and expenditure of the gross proceeds of the Bonds as may be required to calculate such excess arbitrage profits separately from records of amounts on deposit in the funds and accounts of the City allocable to other obligations of the City or moneys which do not represent gross proceeds of any obligations of the City and retain such records for at least six years after the day on which the last outstanding Bond is discharged,

(B) account for all gross proceeds under a reasonable, consistently applied method of accounting, not employed as an artifice or device to avoid, in whole or in part, the requirements of Section 148 of the Code, including any specified method of accounting required by applicable Regulations to be used for all or a portion of the gross proceeds,

(C) calculate, at such times as are required by applicable Regulations, the amount of excess arbitrage profits, if any, earned from the investment of the gross proceeds of the Bonds, and

(D) timely pay, as required by applicable Regulations, all amounts required to be rebated to the federal government. In addition, the City will exercise reasonable diligence to assure that no errors are made in the calculations required by the preceding sentence and, if such an error is made, to discover and promptly correct such error within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, including interest thereon and penalty.

(x) The City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in smaller profit or a larger loss than would have resulted if such arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(xi) The City will timely file or cause to be filed with the Secretary of the Treasury of the United States the information required by Section 149(e) of

the Code with respect to the Bonds on such form and in such place as the Secretary may prescribe.

(xii) The City will not issue or use the Bonds as part of an “abusive arbitrage device” (as defined in Section 1.148 10(a) of the Regulations). Without limiting the foregoing, the Bonds are not and will not be a part of a transaction or series of transactions that attempts to circumvent the provisions of Section 148 of the Code and the Regulations, by (i) enabling the City to exploit the difference between tax exempt and taxable interest rates to gain a material financial advantage, or (ii) increasing the burden on the market for tax-exempt obligations.

(xiii) Proper officers of the City charged with the responsibility for issuing the Bonds are hereby directed to make, execute and deliver certifications as to facts, estimates or circumstances in existence as of the date of issuance of the Bonds and stating whether there are facts, estimates or circumstances that would materially change the City’s expectations. On or after the date of issuance of the Bonds, the City will take such actions as are necessary and appropriate to assure the continuous accuracy of the representations contained in such certificates.

(b) The covenants and representations made or required by this Section are for the benefit of the Holders and any subsequent Holder, and may be relied upon by the Holder and any subsequent Holder and bond counsel to the City.

In complying with the foregoing covenants, the City may rely upon an unqualified opinion issued to the City by nationally recognized bond counsel that any action by the City or reliance upon any interpretation of the Code or Regulations contained in such opinion will not cause interest on the Bonds to be includable in gross income for federal income tax purposes under existing law.

Notwithstanding any other provision of this Ordinance, the City’s representations and obligations under the covenants and provisions of this Section 21 shall survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion of interest on the Bonds from the gross income of the owners for federal income tax purposes.

Section 22: Qualified Tax-Exempt Obligations. In the event that the Bonds are eligible to be issued as “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code, the Pricing Officer is authorized to designate the Bonds as “qualified tax-exempt obligations” and, with respect to such designation, the Pricing Officer (acting on behalf of the City Council) is authorized to make the following representations, which the City Council hereby approves: (a) that during the calendar year in which the Bonds are issued, the City (including all entities which issue obligations on behalf of the City) shall not have designated and will not designate obligations, which when aggregated with the Bonds, will result in more than \$10 million of “qualified tax-exempt obligations” being issued and (b) that the City has examined its financing needs for the calendar year in which the Bonds are issued and reasonably anticipates that the amount of bonds, leases, loans or other obligations, together with the Bonds and any

other tax-exempt obligations heretofore issued by the City (plus those of all entities which issue obligations on behalf of the City) during the calendar year in which the Bonds are issued, when the higher of the face amount or the issue price of each such tax-exempt obligations issued for the calendar year in which the Bonds are issued by the City is taken into account, will not exceed \$10 million.

Section 23: Sale of Bonds.

(a) The Bonds shall be sold and delivered to the Purchasers, either in a negotiated sale or through a private placement, who shall be designated in the Bond Purchase Agreement, at the price set forth in the Pricing Officer's Certificate and in accordance with the terms of the Bond Purchase Agreement, which the Pricing Officer is hereby authorized and directed to execute on behalf of the City. The Pricing Officer and all other officers, agents and representatives of the City are hereby authorized to do any and all things necessary or desirable to satisfy the conditions set out therein and to provide for the issuance and delivery of the Bonds.

(b) The Pricing Officer and the City's financial advisor and consultants are authorized hereby to take such actions as any such officer, official, advisor or consultant shall approve in seeking ratings on the Bonds from Moody's Investors Service, Fitch Ratings or Standard & Poor's Ratings Services, or any confirmation of such firms, and such actions are hereby ratified and confirmed.

Section 24: Official Statement. If the Bonds are sold through a negotiated sale, the Pricing Officer is hereby authorized to approve, in the name and on behalf of the City, in connection with the sale of the Bonds, the preparation and distribution of a Preliminary Official Statement and a final Official Statement relating to the Bonds to be used by the Purchaser in marketing the Bonds. The appropriate officials of the City are hereby authorized to sign such Official Statement and/or to deliver a certificate pertaining to such Official Statement as prescribed therein, dated as of the date of payment for and delivery of the Bonds.

Section 25: Application of Bond Proceeds. Proceeds from the sale of the Bonds shall, promptly upon receipt by the City, be applied in accordance with the provisions set forth in the Pricing Officer's Certificate.

Section 26: Arrangement for Defeasance of Refunded Obligations. The Pricing Officer may execute and deliver an escrow agreement, a deposit agreement or a similar agreement, a letter of instructions or any other instrument relating to the safekeeping, investment, administration and disposition of moneys deposited to effect the defeasance of the Refunded Obligations in such form and subject to such terms and conditions as the Pricing Officer determines may be necessary or convenient to carry out the intent and purpose of this Ordinance.

Section 27: Redemption of Refunded Obligations. To maximize the City's present value savings and to minimize the City's costs of refunding, the City hereby authorizes and directs that certain of the Refunded Obligations shall be called for redemption prior to maturity in the amounts, at the dates and at the redemption prices set forth in the Pricing Officer's Certificate, and the appropriate officials of the City are hereby authorized and directed to take all

necessary and appropriate action to give or cause to be given a notice of redemption to the holders or paying agent/registrars, as appropriate, of such Refunded Obligations, in the manner required by the documents authorizing the issuance of such Refunded Obligations.

Section 28: Purchase of Defeasance Securities. The Pricing Officer and the Escrow Agent are hereby authorized (a) to subscribe for, agree to purchase, and purchase securities that are permitted investments for a defeasance escrow established to defease the Refunded Obligations, and to execute any and all subscriptions, purchase agreements, commitments, letters of authorization and other documents necessary to effectuate the foregoing, and any actions heretofore taken for such purpose are hereby ratified and approved, and (b) to direct and provide for such contributions to the escrow fund as are provided in the Escrow Agreement.

Section 29: Control and Custody of Bonds; Further Procedures. The Mayor shall be and is hereby authorized to take and have charge of all necessary orders and records pending the sale and delivery of the Bonds and the investigation by the Attorney General of the State of Texas, including the printing and supply of definitive Bonds, and the Mayor shall take and have charge and control of the Initial Bond(s) pending the approval thereof by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery thereof to the Purchaser.

Furthermore, the Mayor, Mayor Pro Tem, City Manager, and City Secretary, individually or collectively, are hereby authorized and directed to furnish and execute such documents and certifications relating to the City and the issuance of the Bonds, including a certification as to facts, estimates, circumstances and reasonable expectations pertaining to the use and expenditure and investment of the proceeds of the Bonds as may be necessary for the approval of the Attorney General and their registration by the Comptroller of Public Accounts. In addition, such officials, together with the City's financial advisor, bond counsel and the Paying Agent/Registrar, are authorized and directed to (a) take all other actions that are reasonably necessary to provide for the issuance and delivery of the Bonds and the defeasance, redemption and discharge of the Refunded Obligations, including, without limitation, executing and delivering on behalf of the City all certificates, consents, receipts, requests, notices, and other documents as may be reasonably necessary to satisfy the City's obligations under this Ordinance and the ordinances authorizing the issuance of the Refunded Obligations and to direct the transfer and application of funds of the City consistent with the provisions of this Ordinance and (b) make the necessary arrangements for the delivery of the Initial Bond(s) to the Purchaser and the initial exchange thereof for definitive Bonds.

Section 30: Notices to Holders; Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States Mail, first class postage prepaid, to the address of each Holder appearing in the Security Register at the close of business on the business day next preceding the mailing of such notice.

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

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

Section 31: Cancellation. All Bonds surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly cancelled by it and, if surrendered to the City, shall be delivered to the Paying Agent/Registrar and, if not already cancelled, shall be promptly cancelled by the Paying Agent/Registrar. The City may at any time deliver to the Paying Agent/Registrar for cancellation any Bonds previously certified or registered and delivered which the City may have acquired in any manner whatsoever, and all Bonds so delivered shall be promptly cancelled by the Paying Agent/Registrar. All cancelled Bonds held by the Paying Agent/Registrar shall be returned to the City.

Section 32: Engagement of Bond Counsel; Bond Counsel's Opinion. The engagement of Andrews Kurth LLP, Austin, Texas, as bond counsel for the City in connection with the issuance, sale and delivery of the Bonds is hereby approved, ratified and confirmed; and, the Mayor, the Mayor Pro Tem or the City Manager is hereby authorized to approve, execute and deliver an engagement letter in substantially the form presented to the City Council with this Ordinance, subject to such insertions, additions, deletions, and modifications as shall be approved by such official.

The Purchaser's obligation to accept delivery of the Bonds is subject to being furnished a final opinion of Andrews Kurth LLP, Austin, Texas, approving the Bonds as to their validity, said opinion to be dated and delivered as of the date of delivery and payment for the Bonds. An executed counterpart of said opinion shall accompany the global certificates deposited with DTC or a reproduction thereof shall be printed on the definitive Bonds in the event the book-entry-only system shall be discontinued.

Section 33: Continuing Disclosure Undertaking.

(a) To the extent provided in the Pricing Officer's Certificate, the City shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six (6) months after the end of each fiscal year, financial information and operating data, being the quantitative financial information and operating data with respect to the City, as determined by the Pricing Officer and identified in the Pricing Officer's Certificate. Financial statements to be provided shall be (1) prepared in accordance with such accounting principles as the City may be required to employ from time to time pursuant to State law or regulation and (2) audited, if the City commissions an audit of such statements and the audit is completed within the period during which they must be provided. If audited financial statements are not available at the time the financial information and operating data must be provided, then the City shall provide unaudited financial statements for the applicable fiscal year to the MSRB with the financial information and operating data and will file the annual audit report when and if the same becomes available.

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

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (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.

(b) The City shall notify the MSRB in a timely manner (not in excess of ten (10) business days after the occurrence of the event) of any of the following events with respect to the Bonds:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of holders of the Bonds, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution, or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes.
- (xii) Bankruptcy, insolvency, receivership or similar event of the City;
- (xiii) The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary course of business, the entry into a definitive agreement

to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

As used in clause (xii) above, the phrase “bankruptcy, insolvency, receivership or similar event” means the appointment of a receiver, fiscal agent or similar officer for the City in a proceeding under the United States Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets of the City, or if jurisdiction has been assumed by leaving the City Council and officials or officers of the City in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the City.

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

(c) All documents provided to the MSRB shall be accompanied by identifying information, as prescribed by the MSRB.

(d) The City shall be obligated to observe and perform the covenants specified in this Section while, but only while, the City remains an “obligated person” with respect to the Bonds within the meaning of the: Rule, except that the City in any event will give the notice required by subsection (b) hereof of any Bond calls and defeasance that cause the City to be no longer such an “obligated person.”

The provisions of this Section are for the sole benefit of the Holders and beneficial owners of the 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 City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City'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 City 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.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER 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 CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR

TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

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

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

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

Section 34: Municipal Bond Insurance. In order to obtain the lowest attainable interest rates on the Bonds, the Pricing Officer is authorized to negotiate and execute a commitment to purchase one or more bond insurance policies for the Bonds. The Pricing Officer is further authorized to provide for the payment of the premium for any such bond insurance policy and to execute and deliver any documents required in connection with the purchase of any such policy. The Pricing Officer's Certificate may contain provisions related to any such bond insurance policy, including payment provisions thereunder, and the rights of the bond insurer, and any such provisions shall be incorporated into and considered an integral part of this Ordinance.

Section 35: Benefits of Ordinance. Nothing in this Ordinance; expressed or implied, is intended or shall be construed to confer upon any person other than the City, the Paying Agent/Registrar and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, and this Ordinance and all its provisions is

intended to be and shall be for the sole and exclusive benefit of the City, the Paying Agent/Registrar and the Holders.

Section 36: No Recourse Against City Officials. No recourse shall be had for the payment of principal of or interest on any Bonds or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Bonds.

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

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

Section 39: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine or neuter gender shall be considered to include the other genders.

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

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

Section 42: Effective Date. This Ordinance shall take effect and be in full force immediately from and after its adoption on the date hereof.

Section 43: Repealer. All orders, resolutions and ordinances, or parts thereof, inconsistent herewith are hereby repealed to the extent of such inconsistency.

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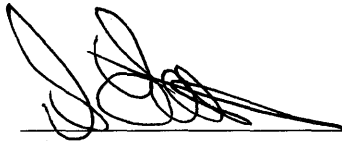
PASSED AND ADOPTED, the 11th day of June, 2013.

CITY OF MEADOWLAKES, TEXAS



Mayor

ATTEST:



City Secretary

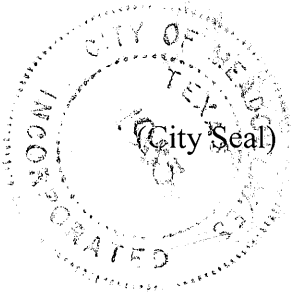


EXHIBIT A

REFUNDING CANDIDATES

Combination Tax and Revenue Certificates of Obligation, Series 2008

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Amount</u>
September 1, 2013	4.80%	\$15,000
September 1, 2014	4.80%	285,000
September 1, 2015	4.80%	300,000
September 1, 2016	4.80%	320,000
September 1, 2017	4.80%	330,000
September 1, 2018	4.80%	340,000
September 1, 2019	4.80%	355,000
September 1, 2020	4.80%	370,000
September 1, 2021	4.80%	390,000
September 1, 2022	4.80%	410,000
September 1, 2023	4.80%	425,000

EXHIBIT B

DEFINITIONS

Capitalized words or terms, whenever the same appear in the Ordinance without qualifying language, shall have the following meaning:

“Attorney General” shall mean the Attorney General of the State of Texas.

“Bond” or “Bonds” shall mean any or all of the bonds authorized by the Ordinance.

“Bond Fund” shall mean the special fund created and established under the provisions of Section 15 of the Ordinance.

“Bond Purchase Agreement” shall mean the agreement between the City and the Purchasers referred to in Section 23 of this Ordinance.

“Business Day” shall mean any day which is not a Saturday, Sunday, or a day on which the Paying Agent/Registrar is authorized by law or executive order to close.

“Chapter 1207” shall mean Chapter 1207, Texas Government Code, as amended.

“City” shall mean the City of Meadowlakes, Texas and, where appropriate, its City Council.

“City Council” shall mean the governing body of the City.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Comptroller” shall mean the Comptroller of Public Accounts of the State of Texas.

“DTC” shall mean The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, or any successor securities depository.

“DTC Participant” shall mean brokers and dealers, banks, trust companies, clearing corporations and certain other organizations on whose behalf DTC was created to hold securities to facilitate the clearance and settlement of securities transactions among DTC Participants.

“Escrow Agent” shall mean the place of payment for the Refunded Obligations or the trust company or commercial bank identified in the Escrow Agreement, and its successors in such capacity.

“Escrow Agreement” shall mean an escrow agreement between the City and the Escrow Agent referred to in Section 27 of the Ordinance.

“Fiscal Year” shall mean the City’s then designated fiscal year, which currently is the twelve-month period beginning on the first day of October of a calendar year and ending on the last day of September of the next succeeding calendar year and each such period may be designated with the number of the calendar year in which such period ends.

“Government Securities” shall mean (1) direct non-callable obligations of the United States of America, including obligations the principal of and interest on which are unconditionally guaranteed by the United States of America, (2) non-callable obligations of an agency or instrumentality of the United States, including obligations unconditionally guaranteed or insured by the agency or instrumentality and on the date of their acquisition or purchase by the City are rated as to investment quality by a nationally recognized investment rating firm not less than “AAA” or its equivalent and (3) non-callable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and on the date of their acquisition or purchase by the City are rated, as to investment quality, by a nationally recognized investment rating firm not less than “AAA” or its equivalent.

“Gross Proceeds” shall mean any proceeds as defined in Section 1.148 1(b) of the Regulations, and any replacement proceeds as defined in Section 1.148 1(c) of the Regulations, of the Bonds.

“Holder” shall mean the person or entity in whose name any Bond is registered in the Security Register.

“Initial Bond” shall mean the initial bond(s) authorized by Section 13 herein.

“Interest Payment Date” shall mean the date or dates specified in the Pricing Officer’s Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Ordinance” shall mean Ordinance No. 2013-__ adopted by the City Council on June 11, 2013, authorizing the issuance of the Bonds, and all amendments thereof and supplements thereto.

“Outstanding”, when used with respect to Bonds, shall mean, as of the date of determination, all Bonds theretofore issued and delivered under this Ordinance, except: (1) those Bonds cancelled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation; (2) those Bonds for which payment has been duly provided by the City in accordance with the provisions of Section 19 of this Ordinance; and (3) those Bonds that have been mutilated, destroyed, lost, or stolen and replacement Bonds have been registered and delivered in lieu thereof as provided in Section 18 of the Ordinance.

“Paying Agent/Registrar” shall mean the bank or trust company identified in the Paying Agent/Registrar Agreement referred to in Section 5 of this Ordinance and its successors in the capacities of paying agent and registrar for the Bonds.

“Paying Agent/Registrar Agreement” shall mean the agreement between the City and the Paying Agent/Registrar setting forth the duties and obligations of the Paying Agent/Registrar with respect to the Bonds.

“Pricing Officer” shall mean any one of the following officers of the City: the Mayor, the Mayor Pro Tem, or the City Manager.

“Pricing Officer’s Certificate” shall mean a certificate signed by the Pricing Officer establishing the terms and features of the Bonds in accordance with Sections 2, 3, 4 and 23 of this Ordinance.

“Purchaser” shall mean (i) the underwriter of the Bonds if the Bonds are sold through a negotiated sale, or (ii) the initial purchaser of the Bonds if the Bonds are sold through a private placement.

“Record Date” shall mean the day specified in the Pricing Officer’s Certificate.

“Refunded Obligations” shall mean the Refunding Candidates that are further identified as Refunded Obligations in the Pricing Officer’s Certificate.

“Refunding Candidates” shall mean those certain obligations set forth in Exhibit A hereto.

“Report” shall mean the verification report verifying the accuracy of certain mathematical computations relating to the Bonds and the refunding of the Refunded Obligations.

“Rule” shall mean SEC Rule 15c2-12, as amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“Security Register” shall mean the registration books for the Bonds kept by the Paying Agent/Registrar in which is maintained the name and address of, and the principal amounts registered to, each Holder of a Bond.

EXHIBIT C

PRICING OFFICER'S CERTIFICATE

CITY OF MEADOWLAKES, TEXAS
GENERAL OBLIGATION REFUNDING BONDS, SERIES _____

THIS PRICING OFFICER'S CERTIFICATE is executed as of _____, 20____ by the [_____] of the City of Meadowlakes, Texas (the "City"), pursuant to the authorization contained in an ordinance of the City Council, acting as the governing body of the City, adopted on June 11, 2013 (the "Ordinance"), authorizing the issuance of the captioned series of bonds and delegating to the undersigned the authority to agree to and stipulate certain terms and provisions thereof, all of which are set forth herein.

Capitalized terms used in this Pricing Officer's Certificate shall have the meanings assigned to them in the Ordinance.

1. Principal Amount, Maturity Amount, Numbers, Interest Rates, Interest Payment Dates and Maturities. The Bonds shall be designated as the "City of Meadowlakes, Texas General Obligation Refunding Bonds, Series 20____," dated _____, 20__ and issued in the total authorized principal amount of \$_____. The Bonds shall be dated _____, 20__, and bear interest from their [dated date/date of their initial delivery]. The Interest Payment Date for the Bonds shall be each _____ and _____, commencing _____, _____, until maturity or prior redemption; and, the Record Date shall be the 15th day of the month next preceding each Interest Payment Date.

The Bonds shall mature on _____ in each of the years and in the amounts set out in the following schedule:

<u>Bond Number</u>	<u>Year of Maturity (_____)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
R-1			
R-2			
R-3			
R-4			
R-5			
R-6			
R-7			
R-8			
R-9			
R-10			

2. Redemption.

- (a) Optional. The Bonds maturing on and after _____, ____ are subject to optional redemption, in whole or, from time to time, in part on _____, _____, or any date on or after, at a redemption price of par plus accrued interest thereon.
- (b) Mandatory. The Bonds maturing in the years _____ and _____ will be issued as term bonds and shall be subject to the following mandatory redemption requirements:

TERM BONDS MATURING _____, _____

Mandatory Redemption Date (_____)	Principal Amount	Redemption Price
		100%
		100
		100
		100

TERM BONDS MATURING _____ 15, _____

Mandatory Redemption Date (_____)	Principal Amount	Redemption Price
		100%
		100
		100
		100

To the extent that such Term Bonds have been previously called for redemption or purchased and retired in part and otherwise than from scheduled mandatory redemption payments, future mandatory redemption payments may be reduced by the principal amount of such Term Bonds so redeemed or purchased.

In lieu of mandatorily redeeming the Term Bonds, the City reserves the right to purchase for cancellation Term Bonds of the same maturity at a price no greater than the applicable redemption price of such Term Bonds.

The Paying Agent/Registrar will select by lot the specific Term Bonds (or with respect to Term Bonds having a denomination in excess of \$5,000, each \$5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory redemption provisions shall be reduced, at the option of the City, by the principal

amount of any Bonds having the same maturity which have been purchased or redeemed by the City as follows, at least forty-five (45) days prior to the mandatory redemption date:

- (i) if the City directs the Paying Agent to purchase Bonds with money in the debt service fund for the Bonds (at a price not greater than par plus accrued interest to the date of purchase), then a credit of 100% of the principal amount of such Bonds purchased will be made against the next mandatory redemption installment due, or
- (ii) if the City purchases or redeems Bonds with other available moneys, then the principal amount of such Bonds will be credited against future mandatory redemption installments in any order, and in any annual amount, that the City may direct.

3. Purchase Price. The sale of the Bonds is authorized pursuant to the Bond Purchase Agreement, dated as of the date hereof between Morgan Keegan & Company, Inc. and the City, at the following price:

PRINCIPAL AMOUNT \$ _____

Plus Original Issue Premium _____

Less Underwriter's Discount _____

PURCHASE PRICE \$ _____

It is hereby found and declared that the sale of the Bonds pursuant to the Bond Purchase Agreement at such price is on the best terms and at the best prices reasonably obtainable by the City.

Proceeds from the sale of the Bonds shall be applied as follows:

- (a) An amount equal to accrued interest on the Bonds, if any, shall be deposited into the Debt Service Fund;
- (b) The remaining proceeds from the sale of the Bonds shall be applied to establish an escrow fund under the Escrow Agreement to refund the Refunded Obligations, and to the extent not otherwise provided for, to pay all expenses arising in connection with the issuance of the Bonds and the refunding of the Refunded Obligations, as approved by the City; and
- (c) Any proceeds of the Bonds remaining after making all such deposits and payments shall be deposited into the Debt Service Fund and used to pay debt service on the Bonds.

4. Escrow Agreement and Deposit. The Escrow Agreement attached as Exhibit A hereto is hereby approved. Pursuant to Sections 25 and 28 of the Ordinance, \$ _____ from the proceeds of the Bonds shall be deposited into the

Escrow Fund created pursuant to the Escrow Agreement and applied to refund the Refunded Obligations.

5. Form of Bond. Pursuant to Section 14 of the Ordinance, the Form of Bond as set forth in Exhibit B hereto is hereby approved and supersedes the Form of Bond set forth in the Ordinance.
6. The Refunded Obligations shall be those bonds identified in Exhibit C hereto.
7. Pursuant to Section 4 of the Ordinance, we hereby further find and determine that:
 - a. The aggregate principal amount of the Bonds is \$ _____, which is not more than \$3,500,000;
 - b. The gross savings to the City is \$ _____ and the net present value debt service savings to the City is _____% (which is not less than 4.00%), as shown on Exhibit D hereto; and
 - c. The true interest rate of the Bonds (i.e., the rate used to determine the federal income tax arbitrage yield) is _____% (which is not more than 3.00%).
8. Pursuant to Section 33 of the Ordinance, the City shall provide updated financial information and operating data to the MSRB each year to the extent, by the times, subject to the exceptions noted, and as provided in the Official Statement under the caption “CONTINUING DISCLOSURE OF INFORMATION – Annual Reports.”
9. The Bonds are eligible to be issued as “qualified tax-exempt obligations” as defined in Section 265(b)(3) of the Code and, pursuant to Section 22 of the Ordinance, the undersigned hereby designates the Bonds as “qualified tax-exempt obligations.” In accordance with the designation of the Bonds as “qualified tax-exempt obligations,” the undersigned (acting on behalf of the City Council) makes the following representations: (a) that during the calendar year 2013, which is the calendar year in which the Bonds are issued, the City (including all entities which issue obligations on behalf of the City) has not and will not designate obligations, which when aggregated with the Bonds, will result in more than \$10 million of “qualified tax-exempt obligations” being issued and (b) that the City has examined its financing needs for 2013 and reasonably anticipates that the amount of bonds, leases, loans or other obligations, together with the Bonds and any other tax-exempt obligations heretofore issued by the City (plus those of all entities which issue obligations on behalf of the City) during 2013 when the higher of the face amount or the issue price of each such tax-exempt obligations issued for 2013 is taken into account, will not exceed \$10 million.
10. [The purchase of a municipal bond insurance policy from _____ (“_____”), insuring the payment of the principal of, premium, if any, and interest on all maturities of the Bonds, is hereby approved; and it is hereby determined

that such policy will produce a net debt service cost savings (after accounting for the costs of such policy). Pursuant to Section 34 of the Ordinance, the provisions set forth in Exhibit E to this certificate shall be incorporated into and shall be considered an integral part of the Ordinance.]

11. The undersigned hereby finds, determines and declares, that in accordance with the requirements of the Ordinance, this Pricing Officer's Certificate complies with and satisfies the terms and provisions of the Ordinance in accordance with the delegation contained therein.

<EXECUTION PAGE FOLLOWS>

WITNESS MY HAND this _____, 201__.

Pricing Officer

EXHIBIT A TO PRICING OFFICER'S CERTIFICATE
ESCROW AGREEMENT

EXHIBIT B TO PRICING OFFICER'S CERTIFICATE

FORM OF BOND

(a) Form of Bond.

UNITED STATES OF AMERICA
STATE OF TEXAS

REGISTERED
NO. _____

REGISTERED
\$ _____

CITY OF MEADOWLAKES, TEXAS
GENERAL OBLIGATION REFUNDING BOND, SERIES 2013

Interest Rate:

Delivery Date:

Dated Date:

Registered Owner: _____

Principal Amount: _____ DOLLARS

The City of Meadowlakes (the "City"), a body corporate and municipal corporation in the County of Burnet, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the Registered Owner named above, or the registered assigns thereof, the Principal Amount hereinabove stated on _____ in each of the years and in principal installments in accordance with the following schedule:

Payment Date

Principal
Installments

upon presentation and surrender of this Bond at the principal corporate trust office of _____, or its successor (the "Registrar"), payable in any coin or currency of the United States of America which on the date of payment of such principal is legal tender for the payment of debts due the United States of America, and to pay interest thereon at the rate shown above, calculated on the basis of a 360-day year composed of twelve 30-day months, from the later of the Delivery Date specified above, or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Bond is payable on _____, and each _____ and _____ thereafter until maturity or prior redemption of this Bond, by check sent by United States mail, first class, postage prepaid, by the Registrar to the Registered Owner of record as of the close of business on the 15th day of the calendar month immediately preceding the applicable interest payment date, as shown on the registration books kept by the Registrar. Any accrued interest payable at maturity or redemption shall be paid upon presentation and surrender of this Bond at the principal corporate trust office of the Registrar.

THIS BOND IS ONE OF A DULY AUTHORIZED issue of bonds, aggregating \$_____ (the "Bonds") issued for the purpose of refunding certain outstanding obligations of the City, paying costs of such refunding and paying costs of issuance related thereto, under and in strict conformity with the Constitution and laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended, and pursuant to an Ordinance adopted by the City Council of the City (herein referred to as the "Ordinance").

¹THE CITY RESERVES THE RIGHT, at its option, to redeem prior to maturity the Bonds maturing on or after _____, __, in whole or in part, on _____, ____ or on any date thereafter, at a price equal to par plus accrued interest to the date of redemption.

THE BONDS MATURING IN THE YEARS 20__ and 20__ (the "Term Bonds") are subject to mandatory redemption prior to maturity in the following amounts (subject to reduction as hereinafter provided), on the following dates, in whole or in part, at a price equal to the principal amount thereof plus accrued interest thereon to the redemption date, without premium:

Term Bonds Due _____, 20__		Term Bonds Due _____, 20__	
Year	Principal Amount	Year	Principal Amount
	\$		\$

(maturity)

(maturity)

TO THE EXTENT THAT SUCH TERM BONDS have been previously called for redemption or purchased and retired in part and otherwise than from scheduled mandatory redemption payments, future mandatory redemption payments may be reduced by the principal amount of such Term Bonds so redeemed or purchased.

IN LIEU OF MANDATORILY REDEEMING the Term Bonds, the City reserves the right to purchase for cancellation Term Bonds of the same maturity at a price no greater than the applicable redemption price of such Term Bonds.

THE PAYING AGENT/REGISTRAR will select by lot the specific Term Bonds (or with respect to Term Bonds having a denomination in excess of \$5,000, each \$5,000 portion thereof) to be redeemed by mandatory redemption. The principal amount of Term Bonds required to be redeemed on any redemption date pursuant to the foregoing mandatory redemption provisions shall be reduced, at the option of the City, by the principal amount of any Bonds having the same maturity which have been purchased or redeemed by the City as follows, at least 45 days prior to the mandatory redemption date:

¹ Redemption provisions to be provided in the Officer's Pricing Certificate.

(i) if the City directs the Paying Agent/Registrar to purchase Bonds with money in the debt service fund for the Bonds (at a price not greater than par plus accrued interest to the date of purchase), then a credit of 100% of the principal amount of such Bonds purchased will be made against the next mandatory redemption installment due, or

(ii) if the City purchases or redeems Bonds with other available moneys, then the principal amount of such Bonds will be credited against future mandatory redemption installments in any order, and in any annual amount, that the City may direct.

NOT LESS THAN THIRTY (30) DAYS prior to a redemption date, a notice of redemption will be sent by U.S. mail, first class postage prepaid, in the name of the City to each registered owner of a Bond to be redeemed in whole or in part at the address of the registered owner appearing on the registration books of the Registrar at the close of business on the business day next preceding the date of mailing. When Bonds or portions thereof have been called for redemption and due provision has been made to redeem the same, the amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the Bonds or portions thereof called for redemption shall terminate on the date fixed for redemption.

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

THIS BOND IS TRANSFERABLE only upon presentation and surrender at the corporate trust office of the Registrar duly endorsed for transfer or accompanied by an assignment duly executed by the registered owner or his authorized representative, subject to the terms and conditions of the Ordinance.

THIS BOND IS EXCHANGEABLE at the corporate trust office of the Registrar for bonds in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

THIS BOND shall not be valid or obligatory for any purpose or be entitled to any benefit under the Ordinance unless this Bond is either (i) registered by the Comptroller of Public Accounts of the State of Texas by registration certificate attached or affixed hereto or (ii) authenticated by the Paying Agent/Registrar by due execution of the authentication certificate endorsed hereon.

THE REGISTERED OWNER of this Bond, by acceptance hereof, acknowledges and agrees to be bound by all the terms and conditions of the Ordinance.

THE DISTRICT has covenanted in the Ordinance that it will at all times provide a legally qualified registrar for the Bond and will cause notice of any change of registrar to be mailed to each registered owner.

IT IS HEREBY certified, recited and covenanted that this Bond has been duly and validly issued and delivered; that all acts, conditions and things required or proper to be performed, to exist and to be done precedent to or in the issuance and delivery of this Bond have been performed, exist and have been done in accordance with law; that the Bond does not exceed any constitutional or statutory limitation; 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, within the limits prescribed by law against all taxable property in the City and have been pledged irrevocably for such payment.

IN WITNESS WHEREOF, the City has caused its corporate seal to be impressed or placed in facsimile hereon and this Bond to be signed by the Mayor, countersigned by the City Secretary by their manual, lithographed or printed facsimile signatures.

CITY OF MEADOWLAKES, TEXAS

Mayor

COUNTERSIGNED:

City Secretary

(SEAL)

(b) Form of Registration Certificate of Comptroller of Public Accounts to appear on Initial Bond(s) only.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER §
OF PUBLIC ACCOUNTS § REGISTER NO. _____
THE STATE OF TEXAS §

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

WITNESS my signature and seal of office this _____.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

(c) Form of Certificate of Paying Agent/Registrar to appear on Definitive Bonds only.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

The designated offices of the Paying Agent/Registrar located in _____, Texas, is the "Designated Payment/Transfer Office" for this Bond.

_____,
as Paying Agent/Registrar

Registration Date:

By _____
Authorized Signature

(d) Form of Assignment.

ASSIGNMENT

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

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

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

DATED:

Signature guaranteed:

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

EXHIBIT C TO PRICING OFFICER'S CERTIFICATE

DESCRIPTION OF REFUNDED OBLIGATIONS

<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Par Amount</u>	<u>Call Date</u>	Price <u>(% of Principal Amount)</u>
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EXHIBIT D TO PRICING OFFICER'S CERTIFICATE
PRESENT VALUE SAVINGS CALCULATION