

CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §

COUNTY OF WISE §

We, the undersigned officers of the City of Bridgeport, Texas (the “City”), hereby certify as follows:

1. The City Council of the City convened in a regular meeting (the “Meeting”) on June 27, 2016, at the regular meeting place, within the City, and the roll was called of the duly constituted officers and members of the City Council, to wit:

Corey Lane	Mayor
David Correll	Council Member
Calvin Coursey	Council Member
Jimmy Meyers	Council Member
Bobby Brazier	Council Member
Billy Fred Walker	Council Member

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

AN ORDINANCE AUTHORIZING AND ORDERING THE ISSUANCE OF CITY OF BRIDGEPORT, TEXAS TAX NOTES, SERIES 2016; SPECIFYING THE TERMS AND FEATURES OF SUCH NOTES; LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX FOR THE PAYMENT OF SAID NOTES; AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, PAYMENT, AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; AND PROVIDING AN EFFECTIVE DATE

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

FOR: 4

AGAINST: 0

ABSTAINED: 0

2. That a true, full, and correct copy of the Ordinance is attached to and follows this certificate; that the Ordinance has been duly recorded in the City Council's minutes of the Meeting; that the above and foregoing paragraph is a true, full, and correct excerpt from the City Council's minutes of the 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 Meeting, and that the Ordinance would be introduced and considered for adoption at the Meeting, and each of such officers and members consented, in advance, to the holding of the Meeting for such purpose; that the Meeting was open to the public as required by law; and that public notice of the date, hour, place, and subject of the Meeting was given as required by the Open Meetings Law, Chapter 551, Texas Government Code, as amended.

SIGNED AND SEALED this June 27, 2016.



City Secretary



Ordinance No. 2016-25

AN ORDINANCE AUTHORIZING AND ORDERING THE ISSUANCE OF CITY OF BRIDGEPORT, TEXAS TAX NOTES, SERIES 2016; SPECIFYING THE TERMS AND FEATURES OF SUCH NOTES; LEVYING A CONTINUING DIRECT ANNUAL AD VALOREM TAX FOR THE PAYMENT OF SAID NOTES; AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, PAYMENT, AND DELIVERY OF A PAYING AGENT/REGISTRAR AGREEMENT; AND PROVIDING AN EFFECTIVE DATE

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

ARTICLE I

FINDINGS AND DETERMINATIONS

Section 1.1. Findings and Determinations.

The City Council hereby officially finds and determines that:

City of Bridgeport, Texas (the "City"), acting through its City Council, is authorized pursuant to and in accordance with the provisions of Texas Government Code, Chapter 1431, as amended (the "Act"), specifically §1431.004(a)(1), to issue tax notes to provide all or part of the funds to pay contractual obligations incurred or to be incurred for purposes authorized by the Act, to wit, to pay for (i) Halsell Street redevelopment, including street lighting, ADA hand rails, landscaping, benches and trash receptacles, brick pavers and street paving and (ii) to pay the costs of issuing the Notes.

ARTICLE II

DEFINITIONS AND INTERPRETATIONS

Section 2.1. Definitions.

As used herein, the following terms shall have the meanings specified, unless the context clearly indicates otherwise:

"Act" shall mean Texas Government Code, Chapter 1431, as amended.

"Attorney General" shall mean the Attorney General of the State of Texas.

"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.

“Interest Payment Date,” when used in connection with any Note, shall mean July 1, 2017, and each January 1 and July 1 thereafter until maturity.

“Issuance Date” shall mean the date on which the Notes are delivered to and paid for by the initial purchaser.

“Note” or “Notes” shall mean any or all of the City of Bridgeport, Texas Tax Notes, Series 2016, authorized by this Ordinance.

“Ordinance” shall mean this Ordinance and any and all amendments hereof and supplements hereto.

“Outstanding,” when used with reference to the Notes, shall mean, as of a particular date, all Notes theretofore and thereupon delivered pursuant to this Ordinance except: (a) any Notes canceled by or on behalf of the City at or before such date; (b) any Notes defeased pursuant to the defeasance provisions of this Ordinance or otherwise defeased as permitted by applicable law; and (c) any Notes in lieu of or in substitution for which a replacement Note shall have been delivered pursuant to this Ordinance.

“Paying Agent/Registrar” shall mean First State Bank, and its successors in that capacity.

“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 Notes.

“Purchaser” shall mean First State Bank.

“Record Date” shall mean the close of business on the last business day of the calendar month immediately preceding the applicable Interest Payment Date.

“Register” shall mean the registration books for the Notes kept by the Paying Agent/Registrar in which are maintained the names and addresses of, and the principal amounts registered to, each Registered Owner of Notes.

“Registered Owner” or “Owner” shall mean the person or entity in whose name any Note is registered in the Register.

Section 2.2. Interpretations.

All terms defined herein and all pronouns used in this Ordinance shall be deemed to apply equally to singular and plural and to both genders and the neuter state. The titles and headings of the articles and 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. This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein and to sustain the

validity of the Notes and the validity of the levy of ad valorem taxes to pay the principal of and interest on the Notes.

ARTICLE III

TERMS OF THE NOTES

Section 3.1. Amount, Purpose and Authorization.

The Notes shall be issued in fully registered form, without coupons, under and pursuant to the authority of the Act in the total authorized aggregate principal amount of TWO HUNDRED FIFTY-ONE THOUSAND AND NO/100 DOLLARS (\$251,000.00) to pay for (i) Halsell Street redevelopment, including street lighting, ADA hand rails, landscaping, benches and trash receptacles, brick pavers and street paving and (ii) to pay the costs of issuing the Notes.

Section 3.2. Designation, Date, and Interest Payment Dates.

The Notes shall be designated as the “City of Bridgeport, Texas Tax Notes, Series 2016,” shall be dated July 1, 2016, and shall be in the denomination of the full principal amount of the Notes. The Notes shall bear interest at the rates set forth in Section 3.3 below, from the later of the Issuance Date or the most recent Interest Payment Date to which interest has been paid or duly provided for, calculated on the basis of a 360-day year of twelve 30-day months, payable on July 1, 2017 and each January 1 and July 1 thereafter until maturity.

If interest on any Note is not paid on any Interest Payment Date and continues unpaid for thirty (30) days thereafter, the Paying Agent/Registrar shall establish a new record date for the payment of such interest, to be known as a Special Record Date. The Paying Agent/Registrar shall establish a Special Record Date when funds to make such interest payment are received from or on behalf of the City. Such Special Record Date shall be fifteen (15) days prior to the date fixed for payment of such past due interest, and notice of the date of payment and the Special Record Date shall be sent by United States mail, first class, postage prepaid, not later than five (5) days prior to the Special Record Date, to each affected Registered Owner as of the close of business on the day prior to mailing of such notice.

Section 3.3. Numbers, Denomination, Interest Rates, and Maturities.

The Notes shall be initially issued bearing the numbers, in the principal amounts, and bearing interest at the rates set forth in the following schedule, and may be transferred and exchanged as set out in this Ordinance. Notes delivered in transfer of or in exchange for other Notes shall be numbered in order of their authentication by the Paying Agent/Registrar, shall be in the denomination of \$5,000 or integral multiples thereof, and shall mature on the same date and bear interest at the same rate as the Note or Notes in lieu of which they are delivered. Principal on the Notes shall be payable in annual installments on the dates and in the principal amounts, respectively, as shown below:

<u>Payment Date</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
07/01/17	\$33,000	2.750%
07/01/18	34,000	2.750%
07/01/19	34,000	2.750%
07/01/20	36,000	2.750%
07/01/21	37,000	2.750%
07/01/22	38,000	2.750%
07/01/23*	39,000	2.750%

*final maturity

Section 3.4. Optional Redemption.

The City reserves the right, at its option, to prepay the Notes, in whole or in part, on any date, at par plus accrued interest to the date of redemption.

Section 3.5. Manner of Payment, Characteristics, Execution, and Authentication.

The Paying Agent/Registrar is hereby appointed the paying agent for the Notes. The Notes shall be payable, shall have the characteristics, and shall be executed, registered, and authenticated, all as provided and in the manner indicated in the FORM OF NOTES set forth in Article IV of this Ordinance. If any officer of the City whose manual or facsimile signature shall appear on the Notes shall cease to be such officer before the authentication of the Notes or before the delivery of the Notes, such manual or facsimile signature shall nevertheless be valid and sufficient for all purposes as if such officer had remained in such office.

The approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Houston, Texas, Bond Counsel, may be printed on the Notes over the certification of the City Secretary, which may be executed in facsimile. CUSIP numbers also may be printed on the Notes, but errors or omissions in the printing of either the opinion or the numbers shall have no effect on the validity of the Notes.

Section 3.6. Authentication.

Except for the Notes to be initially issued, which need not be authenticated by the Paying Agent/Registrar but shall be registered by the Comptroller, only such Notes as shall bear thereon a certificate of authentication, substantially in the form provided in Article IV of this Ordinance, manually executed by an authorized representative of the Paying Agent/Registrar, shall be entitled to the benefits of this Ordinance or shall be valid or obligatory for any purpose. Such duly executed certificate of authentication shall be conclusive evidence that the Note so authenticated was delivered by the Paying Agent/Registrar hereunder.

Section 3.7. Ownership.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name any Note is registered as the absolute owner of such Note for the purpose of making and receiving payment of the principal thereof and interest thereon and for all other purposes, whether or not such Note 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 Registered Owner of any Note in accordance with this Section shall be valid and effective and shall discharge the liability of the City and the Paying Agent/Registrar upon such Note to the extent of the sums paid.

Section 3.8. Registration, Transfer and Exchange.

The Paying Agent/Registrar is hereby appointed the registrar for the Notes. So long as any Note remains Outstanding, the Paying Agent/Registrar shall keep the Register at its designated corporate trust office in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of the Notes in accordance with the terms of this Ordinance.

Each Note shall be transferable only upon the presentation and surrender thereof at the designated corporate trust office of the Paying Agent/Registrar, accompanied by an assignment duly executed by the Registered Owner or his authorized representative in form satisfactory to the Paying Agent/Registrar. Upon due presentation of any Note for transfer, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor, within seventy-two (72) hours after such presentation, a new Note or Notes, registered in the name of the transferee or transferees, in authorized denominations, and of the same maturity and aggregate principal amount and bearing interest at the same rate as the Note or Notes so presented and surrendered.

All Notes shall be exchangeable upon the presentation and surrender thereof at the designated corporate trust office of the Paying Agent/Registrar for a Note or Notes, of like maturity and interest rate and in any authorized denomination, in an aggregate principal amount equal to the unpaid principal amount of the Note or Notes presented for exchange. The Paying Agent/Registrar shall be and is hereby authorized to authenticate and deliver exchange Notes in accordance with the provisions of this Section. Each Note delivered by the Paying Agent/Registrar in accordance with this Section shall be entitled to the benefits and security of this Ordinance to the same extent as the Note or Notes in lieu of which such Note is delivered.

All Notes issued in transfer or exchange shall be delivered to the Registered Owners thereof at the designated corporate trust office of the Paying Agent/Registrar or sent by United States mail, first class, postage prepaid.

The City or the Paying Agent/Registrar may require the Registered Owner of any Notes to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of such Note. Any fee or charge of the Paying Agent/Registrar for such transfer or exchange shall be paid by the City.

Section 3.9. Replacement Notes.

Upon the presentation and surrender to the Paying Agent/Registrar of a damaged or mutilated Note, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Note, of the same maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Registered Owner of such Note to pay a sum sufficient to cover any tax or other governmental

charge that may be imposed in connection therewith and any other expenses connected therewith, including the fees and expenses of the Paying Agent/Registrar and the City.

If any Note is lost, apparently destroyed, or wrongfully taken, the City, pursuant to the applicable laws of the State of Texas and Ordinances of the City, and in the absence of notice or knowledge that such Note has been acquired by a bona fide purchaser, shall execute, and the Paying Agent/Registrar shall authenticate and deliver, a replacement Note of the same maturity, interest rate, and principal amount, bearing a number not contemporaneously outstanding, provided that the Registered Owner thereof shall have:

- (a) furnished 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 Note;
- (b) furnished such security or indemnity as may be required by the Paying Agent/Registrar and the City to save and hold them harmless;
- (c) paid 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) met any other reasonable requirements of the City and the Paying Agent/Registrar.

If, after the delivery of such replacement Note, a bona fide purchaser of the original Note in lieu of which such replacement Note was issued presents for payment such original Note, the City and the Paying Agent/Registrar shall be entitled to recover such replacement Note 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 Note has become or is about to become due and payable, the City in its discretion may, instead of issuing a replacement Note, authorize the Paying Agent/Registrar to pay such Note.

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

Section 3.10. Cancellation.

All Notes paid in accordance with this Ordinance, and all Notes in lieu of which exchange Notes or replacement Notes are authenticated and delivered in accordance herewith, shall be canceled and destroyed upon the making of proper records regarding such payment. The Paying Agent/Registrar shall periodically furnish the City with certificates of destruction of such Notes.

ARTICLE IV

FORM OF NOTES

The Notes, including the Form of Comptroller's Registration Certificate, Form of Paying Agent/Registrar Authentication Certificate, and Form of Assignment shall be in substantially the following forms, with such omissions, insertions, and variations as may be necessary or desirable, and not prohibited by this Ordinance:

UNITED STATES OF AMERICA
STATE OF TEXAS

CITY OF BRIDGEPORT, TEXAS
TAX NOTES, SERIES 2016

NUMBER	DENOMINATION
R-_____ ¹	\$251,000
REGISTERED	REGISTERED

INTEREST RATE:	2.750%
DATED DATE:	July 1, 2016
DELIVERY DATE:	July 13, 2016
REGISTERED OWNER:	FIRST STATE BANK
PRINCIPAL AMOUNT:	TWO HUNDRED FIFTY-ONE THOUSAND AND NO/100 DOLLARS

THE CITY OF BRIDGEPORT, TEXAS (the "City"), for value received, hereby promises to pay to the Registered Owner identified above or its registered assigns, upon presentation and surrender of this Note at the designated corporate trust office of FIRST STATE BANK, or its successor (the "Paying Agent/Registrar"), the principal amount identified above, bearing interest at the Interest Rate and with principal installments payable on the dates in each of the years in accordance with the following schedule:

[Insert Maturity Dates and Principal Amounts listed in Section 3.3 of the Ordinance]

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 to the United States of America, and to pay interest thereon at the rate shown above, calculated on a basis of a 360-day year composed of twelve 30-day months, from the later of the date of delivery to the initial purchaser hereof or the most recent interest payment date to which interest has been paid or duly provided for. Interest on this Note is payable on July 1, 2017, and each January 1 and July 1 thereafter until

¹ The number of the initial Notes shall be preceded by the letter "I"; the number of Notes issued in exchange or transfer for other Notes shall be preceded by the letter "R".

maturity of this Note, by check sent by United States mail, first class, postage prepaid, by the Paying Agent/Registrar to the Registered Owner of record as of the close of business on the last business day of the calendar month immediately preceding the applicable interest payment date, as shown on the registration books kept by the Paying Agent/Registrar. Any accrued interest payable at maturity shall be paid upon presentation and surrender of this Note at the designated corporate trust office of the Paying Agent/Registrar.

THIS NOTE IS ONE OF A DULY AUTHORIZED SERIES OF NOTES (the "Notes") in the aggregate principal amount of \$251,000 issued pursuant to an Ordinance adopted by the City Council of the City on June 27, 2016 (the "Ordinance"), for the purpose of providing all or part of the funds to pay contractual obligations incurred or to be incurred to pay the costs of (i) Halsell Street redevelopment, including street lighting, ADA hand rails, landscaping, benches and trash receptacles, brick pavers and street paving and GIS system for utilities and (ii) to pay the costs of issuing the Notes.

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

THIS CITY RESERVES THE RIGHT, at its option, to prepay the Notes, in whole or in part, on any date, at par plus accrued interest to the date of redemption.

NOTICE OF ANY REDEMPTION shall be given at least ten (10) days prior to the date fixed for redemption by first class mail, postage prepaid, addressed to the registered owner of each Note to be redeemed in whole at the address shown on the books of registration kept by the Paying Agent/Registrar. When Notes have been called for redemption, and due provision has been made to redeem the same, the principal amounts so redeemed shall be payable solely from the funds provided for redemption, and interest which would otherwise accrue on the amounts called for redemption following the redemption date shall terminate on the date fixed for redemption. The Note of this series is payable from the proceeds of an annual ad valorem tax levied upon all taxable property within the City within the limitations prescribed by law.

THIS NOTE IS TRANSFERABLE only upon presentation and surrender at the designated corporate trust office of the Paying Agent/Registrar, accompanied by an assignment duly executed by the Registered Owner or its authorized representative, subject to the terms and conditions of the Ordinance.

THIS NOTE IS EXCHANGEABLE at the designated corporate trust office of the Paying Agent/Registrar for a Note or Notes of the same maturity and interest rate and in the principal amount of \$5,000 or any integral multiple thereof, subject to the terms and conditions of the Ordinance.

THE CITY OR PAYING AGENT/REGISTRAR may require the Registered Owner of any Note to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer or exchange of a Note. Any fee or charge of the Paying Agent/Registrar for a transfer or exchange shall be paid by the City.

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

IT IS HEREBY DECLARED AND REPRESENTED that this Note has been duly and validly issued and delivered; that all acts, conditions, and things required or proper to be performed, exist, and to be done precedent to or in the issuance and delivery of this Note have been performed, exist, and have been done in accordance with law; that the Notes do 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 Note, 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 irrevocably pledged for such payment.

REFERENCE IS HEREBY MADE TO THE ORDINANCE, a copy of which is filed with the Paying Agent/Registrar, for the full provisions thereof, to all of which the Registered Owners of the Notes assent by acceptance of the Notes.

IN WITNESS WHEREOF, the City has caused this Note to be signed by the Mayor and countersigned by the City Secretary by their manual, lithographed, or printed facsimile signatures and the official seal of the City has been duly impressed, or placed in facsimile, on this Note.

CITY OF BRIDGEPORT, TEXAS

[SEAL]

Mayor

COUNTERSIGNED:

City Secretary

* * *

FORM OF COMPTROLLER'S REGISTRATION CERTIFICATE

The following form of Comptroller's Registration Certificate shall be attached or affixed to each of the Notes initially delivered:

COMPTROLLER'S REGISTRATION CERTIFICATE

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

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

WITNESS MY SIGNATURE AND SEAL OF OFFICE this _____.

(SEAL) _____
Comptroller of Public Accounts
of the State of Texas

* * *

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

The following form of authentication certificate shall be printed on the face of each of the Notes other than those initially delivered and registered by the Comptroller of Public Accounts of the State of Texas:

AUTHENTICATION CERTIFICATE

This Note is one of the Notes described in and delivered pursuant to the within-mentioned Ordinance; and, except for the Notes initially delivered, this Note has been issued in exchange for or replacement of a Note, Notes, or a portion of a Note or Notes of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

FIRST STATE BANK, as Paying Agent/Registrar

By: _____

Authorized Signature: _____

Date of Authentication: _____

* * *

FORM OF ASSIGNMENT

The following form of assignment shall be printed on the back of each of the Notes:

ASSIGNMENT

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

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

(Please insert Social Security or Taxpayer Identification Number of Transferee)

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

DATED: _____

Signature Guaranteed:

Registered Owner

NOTICE: Signature must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: The signature above must correspond to the name of the registered owner as shown on the face of this Note in every particular, without any alteration, enlargement, or change whatsoever.

* * *

ARTICLE V

SECURITY FOR THE NOTES

Section 5.1. Pledge and Levy of Taxes.

(a) To provide for the payment of principal of and interest on the Notes, there is hereby levied, within the limits prescribed by law, for the current year and each succeeding year thereafter, while the Notes 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 Notes and to create and provide a sinking fund of not less than 2% of the principal amount of the Notes 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 Notes by deposit to the Debt Service Fund (defined below) 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 Notes, 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. As long as any Notes remain outstanding, all moneys on deposit in, or credited to, the Debt Service Fund shall be secured by a pledge of security, as provided by law for cities in the State of Texas.

Section 5.2. Debt Service Fund.

The City of Bridgeport, Texas, Tax Notes, Series 2016 Debt Service Fund (the "Debt Service Fund") is hereby created as a special fund solely for the benefit of the Notes. The City shall establish and maintain such fund at an official City depository and shall keep such fund separate and apart from all other funds and accounts of the City. Any amount on deposit in the Debt Service Fund shall be maintained by the City in trust for the Registered Owners of the Notes. Such amount, plus any other amounts deposited by the City into such fund and any and all investment earnings on amounts on deposit in such fund, shall be used only to pay the principal of, premium, if any, and interest on the Notes.

Section 5.3. Further Proceedings.

After the Notes to be initially issued have been executed, it shall be the duty of the City Judge to deliver the Notes to be initially issued and all pertinent records and proceedings to the Attorney General for examination and approval. After the Notes to be initially issued shall have been approved by the Attorney General, they shall be delivered to the Comptroller for registration. Upon registration of the Notes to be initially issued, the Comptroller (or a deputy lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's registration certificate prescribed herein to be affixed or attached to the Notes to be initially issued, and the seal of said Comptroller shall be impressed or placed in facsimile thereon.

ARTICLE VI

CONCERNING THE PAYING AGENT/REGISTRAR

Section 6.1. Acceptance.

First State Bank is hereby appointed as the initial Paying Agent/Registrar for the Notes pursuant to the terms and provisions of the Paying Agent/Registrar Agreement by and between the City and the Paying Agent/Registrar. The Paying Agent/Registrar Agreement shall be substantially in the form attached hereto as Exhibit A, the terms and provisions of which are hereby approved, and the Mayor or, in the Mayor's absence, the Mayor Pro Tem is hereby authorized to execute and deliver such Paying Agent/Registrar Agreement on behalf of the City in multiple counterparts and the City Secretary is hereby authorized to attest thereto. Such initial Paying Agent/Registrar and any successor Paying Agent/Registrar, by undertaking the performance of the duties of the Paying Agent/Registrar hereunder, and in consideration of the payment of any fees pursuant to the terms of any contract between the Paying Agent/Registrar and the City and/or the deposits of money pursuant to this Ordinance, shall be deemed to accept and agree to abide by the terms of this Ordinance.

Section 6.2. Trust Funds.

All money transferred to the Paying Agent/Registrar in its capacity as Paying Agent/Registrar for the Notes under this Ordinance (except any sums representing Paying Agent/Registrar's fees) shall be held in trust for the benefit of the City, shall be the property of the City, and shall be disbursed in accordance with this Ordinance.

Section 6.3. Notes Presented.

Subject to the provisions of Section 6.4, all matured Notes presented to the Paying Agent/Registrar for payment shall be paid without the necessity of further instructions from the City. Such Notes shall be canceled as provided herein.

Section 6.4. Unclaimed Funds Held by the Paying Agent/Registrar.

Funds held by the Paying Agent/Registrar that represent principal of and interest on the Notes remaining unclaimed by the Registered Owner thereof after the expiration of three years from the date such funds have become due and payable (a) shall be reported and disposed of by the Paying Agent/Registrar in accordance with the provisions of Title 6 of the Texas Property Code, as amended, to the extent such provisions are applicable to such funds, or (b) to the extent such provisions 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 Registered Owners of the Notes by virtue of actions taken in compliance with this Section.

Section 6.5. Paying Agent/Registrar May Own Notes.

The Paying Agent/Registrar, in its individual or any other capacity, may become the owner or pledgee of Notes with the same rights it would have if it were not the Paying Agent/Registrar.

Section 6.6. Successor Paying Agents/Registrars.

The City covenants that at all times while any Notes are Outstanding it will provide a legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar for the Notes. The City reserves the right to change the Paying Agent/Registrar for the Notes on not less than sixty (60) days' written notice to the Paying Agent/Registrar, as long as any such notice is effective not less than 60 days prior to the next succeeding principal or interest payment date on the Notes. Promptly upon the appointment of any successor Paying Agent/Registrar, the previous Paying Agent/Registrar shall deliver the Register or a copy thereof to the new Paying Agent/Registrar, and the new Paying Agent/Registrar shall notify each Registered Owner, by United States mail, first class, postage prepaid, of such change and of the address of the new Paying Agent/Registrar. Each Paying Agent/Registrar hereunder, by acting in that capacity, shall be deemed to have agreed to the provisions of this Ordinance.

ARTICLE VII

PROVISIONS CONCERNING SALE AND APPLICATION OF PROCEEDS OF NOTES

Section 7.1. Sale of Notes.

The sale of the Notes to the Purchaser, at a price equal to the par value thereof, is hereby approved, and delivery of the Notes to the Purchaser shall be made upon receipt by the City of the purchase price therefor. The Purchase Letter shall be substantially in the form attached hereto as Exhibit B, the terms and provisions of which are hereby approved, and the City Mayor or, in the Mayor's absence, the Mayor Pro Tem is hereby authorized to execute and deliver such Purchase Letter on behalf of the City in multiple counterparts and the City Secretary is hereby authorized to attest thereto. The undersigned hereby finds, determines and declares that the terms of sale of the Notes is in the best interest of the City.

Section 7.2. Approval, Registration, and Delivery.

The Mayor is hereby authorized to have control and custody of the Notes and all necessary records and proceedings pertaining thereto pending their delivery, and the Mayor and other officers and employees of the City are hereby authorized and directed to make such certifications and to execute such instruments as may be necessary to accomplish the delivery of the Notes and to assure the investigation, examination, and approval thereof by the Attorney General and the registration of the initial Notes by the Comptroller. Upon registration of the Notes, the Comptroller (or the Comptroller's certificates clerk or an assistant certificates clerk lawfully designated in writing to act for the Comptroller) shall manually sign the Comptroller's

Registration Certificates prescribed herein to be attached or affixed to each Note initially delivered and the seal of the Comptroller shall be impressed or printed or lithographed thereon.

Section 7.3. Application of Proceeds of Notes.

Proceeds from the sale of the Notes shall, promptly upon receipt by the City, be applied as follows:

- (1) Accrued interest, if any, shall be deposited into the Debt Service Fund created in Section 5.2 of this Ordinance;
- (2) A portion of the proceeds shall be applied to pay expenses arising in connection with the issuance of the Notes;
- (3) The remaining proceeds shall be applied, together with other funds of the City, to provide funds to pay for the purposes described in Section 3.1.
- (4) Any proceeds from the sale of the Notes remaining after making all the foregoing deposits and payments shall be deposited into the Debt Service Fund and used to pay debt service on the Notes.

Section 7.4. Tax Exemption.

The City intends that the interest on the Notes 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 Notes. For this purpose, the City covenants that it will monitor and control the receipt, investment, expenditure, and use of all gross proceeds of the Notes (including all property, the purchase and refurbishment of which is to be financed directly or indirectly with the proceeds of the Notes) 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 interest on the Notes to be and remain excludable from the gross income, as defined in section 61 of the Code, of the owners of the Notes for federal income tax purposes. Without limiting the generality of the foregoing, the City shall comply with each of the following covenants:

- (a) The City will use all of the proceeds of the Notes to (a) provide funds to pay contractual obligations incurred or to be incurred for (i) renovations to water tower and purchase SCADA/radio control system and GIS system for utilities and (ii) to pay the costs of issuing the Notes. The City will not use any portion of the proceeds of the Notes to pay the principal of or interest or redemption premium on, any other obligation of the City or a related person;
- (b) The City will not directly or indirectly take any action or omit to take any action, which action or omission would cause the Notes to constitute "private activity bonds" within the meaning of section 141(a) of the Code;

(c) Principal of and interest on the Notes will be paid solely from ad valorem taxes, collected by the City, investment earnings on such collections, other legally available funds, and as available, proceeds of the Notes;

(d) Based upon all facts and estimates now known or reasonably expected to be in existence on the date the Notes are delivered, the City reasonably expects that the proceeds of the Notes will not be used in a manner that would cause the Notes or any portion thereof to be an "arbitrage bond" within the meaning of section 148 of the Code;

(e) At all times while the Notes are outstanding, the City will identify and properly account for all amounts constituting gross proceeds of the Notes in accordance with the Regulations. The City will monitor the yield on the investments of the proceeds of the Notes 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 Notes. To the extent necessary to prevent the Notes 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 Notes to be less than the yield that is materially higher than the yield on the Notes;

(f) The City will not take any action or knowingly omit to take any action that, if taken or omitted, would cause the Notes to be treated as "federally guaranteed" obligations for purposes of section 149(b) of the Code;

(g) The City represents that not more than fifty percent (50%) of the proceeds of the Notes will be invested in nonpurpose 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 expects that at least eighty-five percent (85%) of the spendable proceeds of the Notes will be used to carry out the governmental purpose of the Notes within the three-year period beginning on the date of issue of the Notes;

(h) 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 Notes, if any, be rebated to the federal government. Specifically, the City will (i) maintain records regarding the receipt, investment, and expenditure of the gross proceeds of the Notes 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 Note is discharged, (ii) 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 any gross proceeds, (iii) 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 Notes, and (iv) 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, interest thereon and any penalty;

(i) The City will not directly or 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 Notes that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a 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 Notes not been relevant to either party;

(j) 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 Notes on such form and in such place as the Secretary may prescribe;

(k) The City will not issue or use the Notes as part of an "abusive arbitrage device" (as defined in Section 1.148-10(a) of the Regulations). Without limiting the foregoing, the Notes 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;

(l) Proper officers of the City charged with the responsibility for issuing the Notes 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 Notes 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 Notes, the City will take such actions as are necessary and appropriate to assure the continuous accuracy of the representations contained in such certificates; and

(m) The covenants and representations made or required by this Section are for the benefit of the holders of the Notes and any subsequent holder of a Note, and may be relied upon by the holders of the Notes and any subsequent holder of a Note 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 Orrick, Herrington & Sutcliffe LLP or other 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 Notes 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 7.4 shall survive the defeasance

and discharge of the Notes for as long as such matters are relevant to the exclusion of interest on the Notes from the gross income of the owners for federal income tax purposes.

Section 7.5. Qualified Tax-Exempt Obligations.

The City hereby designates the Notes as “qualified tax-exempt obligations” as defined in section 265(b)(3) of the Code. With respect to such designation, the City represents the following: (a) that during the calendar year 2016, the City (including all entities which issue obligations on behalf of the City), has not designated nor will designate obligations, which when aggregated with the Notes will result in more than \$10,000,000 of “qualified tax-exempt obligations” being issued and (b) that the City has examined its financing needs for the calendar year 2016 and reasonably anticipates that the amount of bonds, leases, loans, or other obligations, together with the Notes 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 2016 when the higher of the face amount or the issue price of each such tax-exempt obligation issued for the calendar year 2016 by the City is taken into account, will not exceed \$10,000,000.

Section 7.6. Related Matters.

In order that the City shall satisfy in a timely manner all of its obligations under this Ordinance, the Mayor, City Secretary, and all other appropriate officers, agents, representatives, and employees of the City are hereby authorized and directed to take all other actions that are reasonably necessary to provide for the issuance and delivery of the Notes, 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 to direct the transfer and application of funds of the City consistent with the provisions of this Ordinance.

ARTICLE VIII

MISCELLANEOUS

Section 8.1. Defeasance.

The City may defease the provisions of this Ordinance and discharge its obligations to the Registered Owners of any or all of the Notes to pay the principal of and interest thereon in any manner permitted by law, including by depositing with the Paying Agent/Registrar or with the Comptroller either:

(a) cash in an amount equal to the principal amount of such Notes plus interest thereon to the date of maturity; or

(b) pursuant to an escrow or trust agreement, cash and/or (i) direct noncallable obligations of United States of America, including obligations that are unconditionally guaranteed by the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally

guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; or (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent, which, in the case of (i), (ii), or (iii), 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 and interest thereon to the date of maturity.

Upon such deposit, such Notes 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.

Section 8.2. Legal Holidays.

In any case where the date interest accrues and becomes payable on the Notes or principal of the Notes matures or a Record Date shall be a Saturday, Sunday, legal holiday, or a day on which banking institutions in the State of Texas are authorized by law to close, then payment of interest or principal need not be made on such date, or the Record Date shall not occur on such date, but payment may be made or the Record Date shall occur on the next succeeding day which is not a Saturday, Sunday, legal holiday, or a day on which banking institutions in the State of Texas are authorized by law to close with the same force and effect as if (i) made on the date of maturity and no interest shall accrue for the period from the date of maturity to the date of actual payment or (ii) the Record Date had occurred on the last business day of that calendar month.

Section 8.3. Ordinance a Contract - Amendments.

This Ordinance shall constitute a contract with the Registered Owners from time to time, be binding on the City, and shall not be amended or repealed by the City so long as any Note remains Outstanding except as permitted in this Section. The City may, without the consent of or notice to any Registered Owners, from time to time and at any time, amend this Ordinance in any manner not detrimental to the interests of the Registered Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the consent of Registered Owners who own in the aggregate 51% of the principal amount of the Notes then Outstanding, amend, add to, or rescind any of the provisions of this Ordinance; provided that, without the consent of all Registered Owners of Outstanding Notes, no such amendment, addition, or rescission shall (i) extend the time or times of payment of the principal of and interest on the Notes, reduce the principal amount thereof or the rate of interest thereon, or in any other way modify the terms of payment of the principal of or interest on the Notes, (ii) give any preference to any Note over any other Note, or (iii) reduce the aggregate principal

amount of Notes required to be held by Registered Owners for consent to any such amendment, addition, or rescission.

Section 8.4. No Recourse Against City Officials.

No recourse shall be had for the payment of principal of or interest on any Notes or for any claim based thereon or on this Ordinance against any official of the City or any person executing any Notes.

Section 8.5. Power to Revise Form of Documents.

Notwithstanding any other provision of this Ordinance, the Mayor or Mayor Pro Tem is hereby authorized to make or approve such revisions, additions, deletions, and variations to this Ordinance and in the form of the documents attached hereto as exhibits as, in the judgment of the Mayor, and in the opinion of Bond Counsel to the City, may be necessary or convenient to carry out or assist in carrying out the purposes of this Ordinance, or as may be required for approval of the Notes by the Attorney General of Texas; provided, however, that any changes to such documents resulting in substantive amendments to the terms and conditions of the Notes or such documents shall be subject to the prior approval of the City Council. If insurance is obtained on any of the Notes, the Notes shall bear, as appropriate and applicable, a legend concerning insurance as provided by the municipal bond insurance company issuing any such insurance.

Section 8.6. Severability.

If any Section, paragraph, clause, or provision of this Ordinance shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such Section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Ordinance.

Section 8.7. Open Meeting.

It is hereby found, determined and declared that a sufficient written notice of the date, hour, place, and subject of the meeting of the City Council at which this Ordinance was adopted was posted at a place convenient and readily accessible at all times to the general public at the time required by law preceding this meeting, as required by the Open Meetings Law, Chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which this Ordinance and the subject matter thereof has been discussed, considered, and formally acted upon. The City Council further ratifies, approves, and confirms such written notice and the contents and posting thereof.

Section 8.8. Repealer.

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

Section 8.9. Effective Date.

This Ordinance shall be in force and effect from and after its passage on the date shown below.

PASSED AND APPROVED this June 27, 2016.

Randy Singletta

Mayor

Erika McCombs

City Secretary



EXHIBIT A
PAYING AGENT/REGISTRAR AGREEMENT

See Tab 2

EXHIBIT B
FORM OF PURCHASE LETTER

See Tab 6