

**AN ORDINANCE BY THE CITY COUNCIL OF THE CITY OF WEST COLUMBIA, TEXAS AUTHORIZING THE ISSUANCE OF "CITY OF WEST COLUMBIA, TEXAS TAX NOTES, SERIES 2011", LEVYING AN ANNUAL AD VALOREM TAX, WITHIN THE LIMITATIONS PRESCRIBED BY LAW, FOR THE PAYMENT OF THE OBLIGATIONS; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, AND DELIVERY OF THE OBLIGATIONS; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT, A PURCHASE AND INVESTMENT LETTER, AND THE LETTER OF REPRESENTATIONS WITH THE DEPOSITORY TRUST COMPANY; AND PROVIDING AN EFFECTIVE DATE**

WHEREAS, pursuant to the provisions of Chapter 1431, as amended, Texas Government Code (the *Act*), the City Council (the *Governing Body*) of the City of West Columbia, Texas (the *Issuer*) is authorized and empowered to issue anticipation notes to pay contractual obligations incurred or to be incurred for the construction of any public works, for the purchase of materials, supplies, equipment, machinery, buildings, lands, and rights-of-way for the Issuer's authorized needs and purposes, and for professional services, including services provided by tax appraisal engineers, engineers, architects, attorneys, auditors, mapmakers, financial advisors, and fiscal agents; and

WHEREAS, in accordance with the provisions of the Act, the Governing Body hereby finds and determines that anticipation notes should be issued and sold at this time to finance the costs of paying contractual obligations to be incurred for (1) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's utility system, (2) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the utility system improvements, and (3) the payment of professional services related to the construction and financing of the aforementioned projects; and

WHEREAS, the Governing Body hereby finds and determines that the issuance of anticipation notes is in the best interests of the citizens of the Issuer, now, therefore,

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WEST COLUMBIA, TEXAS THAT:

SECTION 1: Authorization - Designation - Principal Amount - Purpose. General obligation notes of the Issuer shall be and are hereby authorized to be issued in the aggregate principal amount of THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$300,000), to be designated and bear the title of "CITY OF WEST COLUMBIA, TEXAS TAX NOTES, SERIES 2011" (the *Obligations*), for the purpose of providing funds for (1) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's utility system, (2) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the utility system improvements, and (3) the payment of professional services related to the construction and financing of the aforementioned projects, all in

conformity with the laws of the State of Texas, particularly Chapter 1431, as amended, Texas Government Code and an ordinance adopted by the Governing Body on May 23, 2011.

SECTION 2: Fully Registered Obligations - Authorized Denominations - Stated Maturities - Interest Rates – Dated Date. The Obligations shall be issued as fully registered obligations, without coupons, shall be dated May 15, 2011 (the *Dated Date*) and shall be generally in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof (within a Stated Maturity), shall be lettered “R-” and numbered consecutively from one (1) upward and principal shall become due and payable on April 1 in each of the years (the *Stated Maturities*), and bear interest on the unpaid principal amounts from the Closing Date, or from the most recent Interest Payment Date (hereinafter defined) to which interest has been paid or duly provided for, to the earlier of redemption or Stated Maturity, at the per annum rates, while Outstanding, in accordance with the following schedule:

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>Interest Rates (%)</u>
2012	40,000	2.76
2013	40,000	2.76
2014	40,000	2.76
2015	40,000	2.76
2016	45,000	2.76
2017	45,000	2.76
2018	50,000	2.76

The Obligations shall bear interest on the unpaid principal amounts from the Closing Date (hereafter defined), or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity, while Outstanding, at the rates per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Obligations shall be payable on April 1 and October 1 in each year, commencing April 1, 2012 (the *Interest Payment Date*), while the Obligations are Outstanding.

SECTION 3: Payment of Obligations - Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Obligations, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable 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 such payment of principal of, premium, if any, and interest on the Obligations shall be without exchange or collection charges to the Holder (as hereinafter defined) of the Obligations.

The selection and appointment of Branch Banking and Trust Company, Charlotte, North Carolina (the *Paying Agent/Registrar*), to serve as the initial Paying Agent/Registrar for the Obligations is hereby approved and confirmed, and the Issuer agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent/Registrar books and records (the *Security Register*) for the registration, payment, and transfer of the Obligations, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, attached, in substantially final form, as Exhibit A hereto, and such reasonable rules

and regulations as the Paying Agent/Registrar and the Issuer may prescribe. The Issuer covenants to maintain and provide a Paying Agent/Registrar at all times while the Obligations are Outstanding, and any successor Paying Agent/Registrar shall be (i) a national or state banking institution or (ii) an association or a corporation organized and doing business under the laws of the United States of America or of any state, authorized under such laws to exercise trust powers. Such Paying Agent/Registrar shall be subject to supervision or examination by federal or state authority and authorized by law to serve as a Paying Agent/Registrar.

The Issuer reserves the right to appoint a successor Paying Agent/Registrar upon providing the previous Paying Agent/Registrar with a certified copy of a resolution or ordinance terminating such agency. Additionally, the Issuer agrees to promptly cause a written notice of this substitution to be sent to each Holder of the Obligations by United States mail, first-class postage prepaid, which notice shall also give the address of the new Paying Agent/Registrar.

Both principal of, premium, if any, and interest on the Obligations, due and payable by reason of Stated Maturity, redemption, or otherwise, shall be payable only to the registered owner of the Obligations appearing on the Security Register (the *Holder* or *Holder*s) maintained on behalf of the Issuer by the Paying Agent/Registrar as hereinafter provided (i) on the Record Date (hereinafter defined) for purposes of payment of interest on the Obligations, (ii) on the date of surrender of the Obligations for purposes of receiving payment of principal thereof upon redemption of the Obligations or at the Obligations' Stated Maturity, and (iii) on any date for any other purpose. The Issuer and the Paying Agent/Registrar, and any agent of either, shall treat the Holder as the owner of an Obligation for purposes of receiving payment and all other purposes whatsoever, and neither the Issuer nor the Paying Agent/Registrar, or any agent of either, shall be affected by notice to the contrary.

Principal of and premium, if any, on the Obligations shall be payable only upon presentation and surrender of the Obligations to the Paying Agent/Registrar at its corporate trust office (provided, however, with respect to principal payments prior to the final Stated Maturity, the Obligations need not be surrendered to the Paying Agent/Registrar, who will merely document this payment on an internal ledger maintained by the Paying Agent/Registrar). Interest on the Obligations shall be paid to the Holder whose name appears in the Security Register at the close of business on the fifteenth day of the month next preceding an Interest Payment Date for the Obligations (the *Record Date*) and shall be paid (i) by check sent by United States mail, first-class postage prepaid, by the Paying Agent/Registrar, to the address of the Holder appearing in the Security Register or (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Holder at the Holder's risk and expense.

If the date for the payment of the principal of, premium, if any, or interest on the Obligations shall be a Saturday, a Sunday, a legal holiday, or a day on which banking institutions in the city where the corporate trust office of the Paying Agent/Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not such a day. The payment on such date shall have the same force and effect as if made on the original date any such payment on the Obligations 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 from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - 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 of an Obligation appearing on the Security Register at the close of business on the fifteenth day next preceding the date of mailing of such notice.

SECTION 4: Redemption.

A. Optional Redemption. The Obligations having Stated Maturities on and before April 1, 2014 shall be subject to redemption prior to Stated Maturity, at the option of the Issuer on any Interest Payment Date, in whole, at the redemption price of par, plus a redemption premium of 1%, plus accrued interest to the redemption date. The Obligations having Stated Maturities on and after April 1, 2014 shall be subject to redemption prior to Stated Maturity, at the option of the Issuer on any Interest Payment Date, in whole, at the redemption price of par, plus accrued interest to the redemption date.

B. Exercise of Redemption Option. At least forty-five (45) days prior to a date set for the optional redemption of the Obligations (unless a shorter notification period shall be satisfactory to the Paying Agent/Registrar), the Issuer shall notify the Paying Agent/Registrar of its decision to exercise the right to redeem Obligations, the principal amount of each Stated Maturity to be redeemed, and the date set for the redemption thereof. The decision of the Issuer to exercise the right to redeem Obligations shall be entered in the minutes of the governing body of the Issuer.

C. Notice of Redemption. Not less than thirty (30) days prior to an optional redemption date for the Obligations, the Paying Agent/Registrar shall cause a notice of redemption to be sent by United States mail, first-class postage prepaid, in the name of the Issuer and at the Issuer's expense, by the Paying Agent/Registrar to each Holder of a Obligation to be redeemed in whole at the address of the Holder appearing on the Security Register at the time such notice of redemption is mailed, and any notice of redemption so mailed shall be conclusively presumed to have been duly given irrespective of whether received by the Holder.

All notices of redemption shall (i) specify the date of redemption for the Obligations, (ii) identify the Obligations to be redeemed and the principal amount thereof to be redeemed, (iii) state the redemption price, (iv) state that the Obligations shall become due and payable on the redemption date specified, and the interest thereon shall cease to accrue from and after the redemption date, and (v) specify that payment of the redemption price for the Obligations shall be made at the principal corporate trust office of the Paying Agent/Registrar only upon presentation and surrender thereof by the Holder. This notice may also be published once in a financial publication, journal, or reporter of general circulations among securities dealers in the city of New York, New York (including, but not limited to, The Bond Buyer and The Wall Street Journal), or in the State of Texas (including, but not limited to, The Texas Bond Reporter). Additionally, this notice may also be sent by the Issuer to any registered securities depository and to any national information service that disseminates redemption notices.

If an Obligation is subject by its terms to redemption and has been called for redemption and notice of redemption thereof has been duly given as hereinabove provided, such Obligation so called for redemption shall become due and payable, and if money sufficient for the payment of such Obligations at the then applicable redemption price is held for the purpose of such payment by the Paying Agent/Registrar, then on the redemption date designated in such notice, interest on the Obligation called for redemption shall cease to accrue and such Obligations shall not be deemed to be Outstanding.

D. Transfer/Exchange of Obligations. Neither the Issuer nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Obligations within forty-five (45) days of the date fixed for redemption.

SECTION 5: Execution - Registration. The Obligations shall be executed on behalf of the Issuer by its Mayor under the seal of the Issuer reproduced or impressed thereon and attested by its City Secretary. The signature of any of said officers on the Obligations may be manual or facsimile. Obligations bearing the manual or facsimile signatures of individuals who were, at the time of the Dated Date, the proper officers of the Issuer shall bind the Issuer, notwithstanding that such individuals or either of them shall cease to hold such offices prior to the delivery of the Obligations to the Purchasers (hereinafter defined), all as authorized and provided in Chapter 1201, as amended, Texas Government Code.

No Obligation shall be entitled to any right or benefit under this Ordinance, or be valid or obligatory for any purpose, unless there appears on such Obligation either a certificate of registration substantially in the form provided in Section 8C, executed by the Comptroller of Public Accounts of the State of Texas or his duly authorized agent by manual signature, or a certificate of registration substantially in the form provided in Section 8D, executed by the Paying Agent/Registrar by manual signature, and either such certificate upon any Obligation shall be conclusive evidence, and the only evidence, that such Obligation has been duly certified or registered and delivered.

SECTION 6: Registration - Transfer - Exchange of Obligations - Predecessor Obligations. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every owner of the Obligations, or, if appropriate, the nominee thereof. Any Obligation may, in accordance with its terms and the terms hereof, be transferred or exchanged for Obligations of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Obligation 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 for transfer of any Obligation at the corporate trust office of the Paying Agent/Registrar, the Issuer shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Obligations of authorized denomination and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Obligation or Obligations surrendered for transfer.

At the option of the Holder, Obligations may be exchanged for other Obligations of authorized denominations and having the same Stated Maturity, bearing the same rate of interest and of like aggregate principal amount as the Obligations surrendered for exchange upon surrender of the Obligations to be exchanged at the corporate trust office of the Paying Agent/Registrar. Whenever any Obligations are so surrendered for exchange, the Issuer shall execute, and the Paying Agent/Registrar shall register and deliver, the Obligations to the Holder requesting the exchange.

All Obligations issued upon any transfer or exchange of Obligations shall be delivered at the corporate trust office of the Paying Agent/Registrar, or be sent by registered mail to the Holder at his request, risk, and expense, and upon the delivery thereof, the same shall be the valid and binding obligations of the Issuer, evidencing the same obligation to pay, and entitled to the same benefits under this Ordinance, as the Obligations surrendered upon such transfer or exchange.

All transfers or exchanges of Obligations 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.

Obligations canceled by reason of an exchange or transfer pursuant to the provisions hereof are hereby defined to be Predecessor Obligations, evidencing all or a portion, as the case may be, of the same debt evidenced by the new Obligation or Obligations registered and delivered in the exchange or transfer therefor. Additionally, the term Predecessor Obligations shall include any Obligation registered and delivered pursuant to Section 17 in lieu of a mutilated, lost, destroyed, or stolen Obligation which shall be deemed to evidence the same obligation as the mutilated, lost, destroyed, or stolen Obligation.

SECTION 7: Initial Obligations. The Obligations herein authorized shall be initially issued as a single fully registered Obligation in the aggregate principal amount of \$300,000 with principal installments to become due and payable as provided in Section 2 hereof and numbered T-1 (the *Initial Obligations*), and the Initial Obligations shall be registered in the name of the Purchasers (defined herein) or the designee thereof. The Initial Obligations shall be the Obligations 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 Purchasers. Any time after the delivery of the Initial Obligations, the Paying Agent/Registrar, pursuant to written instructions from the Purchasers, or the designee thereof, shall cancel the Initial Obligations delivered hereunder and exchange therefor Definitive Obligations of like kind and 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 Purchasers, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8: FORMS.

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

The definitive Obligations shall be printed, lithographed, or engraved, produced by any combination of these methods, or produced in any other similar manner, all as determined by the officers executing the Obligations as evidenced by their execution thereof, but the Initial Obligation(s) submitted to the Attorney General of Texas may be typewritten or photocopied or otherwise reproduced.

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B. Form of Definitive Obligation.

REGISTERED  
NO. \_\_\_\_\_

REGISTERED  
PRINCIPAL AMOUNT  
\$ \_\_\_\_\_

United States of America  
State of Texas  
County of Brazoria  
CITY OF WEST COLUMBIA, TEXAS  
TAX NOTES, SERIES 2011

Dated Date:  
May 15, 2011

Interest Rate:  
\_\_\_\_\_

Stated Maturity:  
\_\_\_\_\_

CUSIP NO:  
\_\_\_\_\_

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

The City of West Columbia, Texas (the *Issuer*), a body corporate and a municipal corporation in the County of Brazoria, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above (or so much thereof as shall not have been paid upon prior redemption), the Principal Amount specified above and to pay interest on the unpaid Principal Amount hereof from the Closing Date, or from the most recent interest payment date to which interest has been paid or duly provided for until such Principal Amount has become due and payment thereof has been made or duly provided for, to the earlier of redemption or Stated Maturity, while Outstanding, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on April 1 and October 1 of each year commencing April 1, 2012.

Principal on this Obligation shall be payable to the Registered Owner hereof (the *Holder*), upon presentation and surrender (provided, however, with respect to principal payments prior to the final Stated Maturity, the Obligations need not be surrendered to the Paying Agent/Registrar, who will merely document this payment on an internal ledger maintained by the Paying Agent/Registrar), at the corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Obligation (or one or more Predecessor Obligations, as defined in the Ordinance hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each interest payment date. All payments of principal of and interest on this Obligation 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. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in

the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by the Holder hereof at the Holder's risk and expense.

This Obligation is one of the series specified in its title issued in the aggregate principal amount of \$300,000 (the *Obligations*) pursuant to an ordinance adopted by the Governing Body of the Issuer (the *Ordinance*), for the purpose of providing funds for (1) constructing, acquiring, purchasing, renovating, equipping, enlarging, and improving the City's utility system, (2) the purchase of materials, supplies, equipment, land, and rights-of-way for authorized needs and purposes relating to the utility system improvements, and (3) the payment of professional services related to the construction and financing of the aforementioned projects, all in conformity with the laws of the State of Texas, including Chapter 1431, as amended, Texas Government Code and the Ordinance.

As provided in the Ordinance, the Obligations having Stated Maturities on and before April 1, 2014 shall be subject to redemption prior to Stated Maturity, at the option of the Issuer on any Interest Payment Date, in whole, at the redemption price of par, plus a redemption premium of 1%, plus accrued interest to the redemption date. The Obligations having Stated Maturities on and after April 1, 2014 shall be subject to redemption prior to Stated Maturity, at the option of the Issuer on any Interest Payment Date, in whole, at the redemption price of par, plus accrued interest to the redemption date.

At least thirty (30) days prior to the date of redemption, the Paying Agent/Registrar shall cause written notice to be given by United States mail, first-class postage prepaid, to Holders of the Obligations to be redeemed, all in accordance with and subject to the terms and provisions relating thereto contained in the Order. If this Obligation is in a denomination in excess of \$5,000, portions of the principal sum hereof in installments of \$5,000 or any integral multiple thereof may be redeemed, and, if less than all of the principal sum hereof is to be redeemed, there shall be issued, without charge therefor, to the Holder hereof, upon the surrender of this Obligation to the Paying Agent/Registrar at its corporate trust office, a new Obligation or Obligations of like Stated Maturity and interest rate in any authorized denominations provided in the Order for the then unredeemed balance of the principal sum hereof.

If this Obligation shall have been duly called for redemption and notice of such redemption duly given, then upon such redemption date this Obligation shall become due and payable, and, if money for the payment of the redemption price and the interest accrued on the principal amount to be redeemed to the date of redemption is held for the purpose of such payment by the Paying Agent/Registrar, interest shall cease to accrue and be payable hereon from and after the redemption date on the principal amount hereof to be redeemed. If this Obligation is called for redemption, in whole, the Issuer or the Paying Agent/Registrar shall not be required to issue, transfer, or exchange this Obligation within forty-five (45) days of the date fixed for redemption.

The Obligations of this series are payable from the proceeds of an annual ad valorem tax levied upon all taxable property within the Issuer within the limitations prescribed by law.

Reference is hereby made to the Ordinance, a copy of which is on file in the corporate trust office of the Paying Agent/Registrar, and to all of the provisions of which the Holder by his

acceptance hereof hereby assents, for definitions of terms; the description of and the nature and extent of the tax levied for the payment of the Obligations; the terms and conditions relating to the transfer or exchange of the Obligations; the conditions upon which the Ordinance may be amended or supplemented with or without the consent of the Holders; the rights, duties, and obligations of the Issuer and the Paying Agent/Registrar; the terms and provisions upon which this Obligation may be redeemed or discharged at or prior to the Stated Maturity thereof, and deemed to be no longer Outstanding thereunder; and for the other terms and provisions specified in the Ordinance. Capitalized terms used herein have the same meanings assigned in the Ordinance.

This Obligation, subject to certain limitations contained in the Ordinance, may be transferred on the Security Register upon presentation and surrender at the corporate trust office of the Paying Agent/Registrar, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Paying Agent/Registrar duly executed by the Holder hereof, or his duly authorized agent, and thereupon one or more new fully registered Obligations of the same Stated Maturity, of authorized denominations, bearing the same rate of interest, and of the same aggregate principal amount will be issued to the designated transferee or transferees.

The Issuer and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon, (ii) on the date of surrender of this Obligation as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity or its redemption, in whole, and (iii) on any other date as the owner hereof for all other purposes, and neither the Issuer nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. 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 from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the *Special Payment Date* - 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 fifteenth day next preceding the date of mailing of such notice.

It is hereby certified, covenanted, and represented that all acts, conditions, and things required to be performed, exist, and be done precedent to the issuance of this Obligation in order to render the same a legal, valid, and binding obligation of the Issuer have been performed, exist, and have been done, in regular and due time, form, and manner, as required by law, and that issuance of the Obligations does not exceed any constitutional or statutory limitation; and that due provision has been made for the payment of the principal of, premium if any, and interest on the Obligations by the levy of a tax as aforesaid. In case any provision in this Obligation or any application thereof shall be deemed invalid, illegal, or unenforceable, the validity, legality, and enforceability of the remaining provisions and applications shall not in any way be affected or impaired thereby. The terms and provisions of this Obligation and the Ordinance shall be construed in accordance with and shall be governed by the laws of the State of Texas.

IN WITNESS WHEREOF, the Issuer has caused this Obligation to be duly executed under its official seal.

CITY OF WEST COLUMBIA, TEXAS

By Samie B. Kucenas  
Mayor

ATTEST:

Kelli R. Kuban  
City Secretary

(CITY SEAL)

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

DATED: \_\_\_\_\_

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

Signature guaranteed:

\_\_\_\_\_  
F. The Initial Obligations shall be in the respective forms set forth in paragraph B of this Section, except that the form of a single fully registered Initial Obligation shall be modified as follows:

- (i) immediately under the name of the Obligation(s) the headings "Interest Rate \_\_\_\_\_" and "Stated Maturity \_\_\_\_\_" shall both be completed "as shown below";
- (ii) the first two paragraphs shall read as follows:

Registered Owner: \_\_\_\_\_

Principal Amount: \_\_\_\_\_

The City of West Columbia, Texas (the *Issuer*), a body corporate and municipal corporation in the County of Brazoria, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above on the first day of April in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

<u>Years of</u> <u>Stated Maturity</u>	<u>Principal</u> <u>Amounts (\$)</u>	<u>Interest</u> <u>Rates (%)</u>
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(Information to be inserted from  
schedule in Section 2 hereof).

(or so much thereof as shall not have been paid upon prior redemption) and to pay interest on the unpaid Principal Amount hereof from the Closing Date (anticipated to occur on June 15, 2011) or from the most recent interest payment date to which interest has been paid or duly provided for until the Principal Amount has become due and payment thereof has been made or duly provided for, to the earlier of redemption or Stated Maturity, while Outstanding, at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on April 1 and October 1 of each year, commencing April 1, 2012.

Principal of this Obligation shall be payable to the Registered Owner hereof (the *Holder*), upon its presentation and surrender, to Stated Maturity or prior redemption, while Outstanding, at the corporate trust office of Branch Banking and Trust Company, Charlotte, North Carolina (the *Paying Agent/Registrar*). Interest shall be payable to the Holder of this Obligation whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the fifteenth day of the month next preceding each interest payment date. All payments of principal of and interest on this Obligation 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. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

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G. Insurance Legend. If bond insurance is obtained by the Issuer or the Purchasers for the Obligations, the definitive Obligations and the Initial Obligations shall bear an appropriate legend as provided by the insurer.

SECTION 9: Definitions. For all purposes of this Ordinance (as defined below), except as otherwise expressly provided or unless the context otherwise requires: (i) the terms defined in this Section have the meanings assigned to them in this Section, and certain terms used in Sections 19 and 36 of this Ordinance have the meanings assigned to them in such Sections, and all such terms include the plural as well as the singular; (ii) all references in this Ordinance to designated "Sections" and other subdivisions are to the designated Sections and other subdivisions of this Ordinance as originally adopted; and (iii) the words "herein", "hereof", and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section or other subdivision.

A. The term *Authorized Officials* shall mean the Mayor, City Manager, and/or the City Secretary.

B. The term *Closing Date* shall mean the date of physical delivery of the Initial Obligations in exchange for the payment in full by the Purchasers.

C. The term *Issuer* shall mean the City of West Columbia, Texas located in the County of Brazoria, Texas and, where appropriate, the Governing Body of the Issuer.

D. The term *Debt Service Requirements* shall mean, as of any particular date of computation, with respect to any obligations and with respect to any period, the aggregate of the amounts to be paid or set aside by the Issuer as of such date or in such period for the payment of the principal of, premium, if any, and interest (to the extent not capitalized) on such obligations; assuming, in the case of obligations without a fixed numerical rate, that such obligations bear interest at the maximum rate permitted by the terms thereof and further assuming in the case of obligations required to be redeemed or prepaid as to principal prior to Stated Maturity, the principal amounts thereof will be redeemed prior to Stated Maturity in accordance with the mandatory redemption provisions applicable thereto.

E. The term *Depository* shall mean an official depository bank of the Issuer.

F. The term *Government Securities*, as used herein, shall mean (i) direct noncallable obligations of the United States, 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.

G. The term *Holder* or *Holder*s shall mean the registered owner, whose name appears in the Security Register, for any Obligation.

H. The term *Interest Payment Date* shall mean the date interest is payable on the Obligations, being April 1 and October 1 of each year, commencing April 1, 2012, while any of the Obligations remain Outstanding.

I. The term *Obligation Fund* shall mean the special Fund created and established by the provisions of Section 10 of this Ordinance.

J. The term *Obligations* shall mean the \$300,000 "CITY OF WEST COLUMBIA, TEXAS TAX NOTES, SERIES 2011" authorized by this Ordinance.

K. The term *Ordinance* shall mean this ordinance finally adopted by the Governing Body of the Issuer on May 23, 2011.

L. The term *Outstanding* when used in this Ordinance with respect to Obligations shall mean, as of the date of determination, all Obligations issued and delivered under this Ordinance, except:

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

(2) those Obligations for which payment has been duly provided by the Issuer in accordance with the provisions of Section 21 of this Ordinance; and

(3) those Obligations that have been mutilated, destroyed, lost, or stolen and replacement Obligations have been registered and delivered in lieu thereof as provided in Section 17 of this Ordinance.

M. The term *Purchasers* shall mean the initial purchasers of the Obligations named in Section 18 of this Ordinance.

N. The term *Stated Maturity* shall mean the annual principal payments of the Obligations payable on April 1 of each year, as set forth in Section 2 of this Ordinance.

SECTION 10: Obligation Fund – Investments. For the purpose of paying the interest on and to provide a sinking fund for the payment, redemption, and retirement of the Obligations, there shall be and is hereby created a special Fund to be designated "TAX NOTES, SERIES 2011, INTEREST AND SINKING FUND" (the *Obligation Fund*), which Fund shall be kept and maintained at the Depository, and money deposited in such Fund shall be used for no other purpose and shall be maintained as provided in Section 19. Authorized Officials of the Issuer are hereby authorized and directed to make withdrawals from the Obligation Fund sufficient to pay the principal of, premium, if any, and interest on the Obligations as the same become due and payable and shall cause to be transferred to the Paying Agent/Registrar from money on deposit in the Obligation Fund an amount sufficient to pay the amount of principal and/or interest stated to mature on the Obligations, 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 business day next preceding each interest and principal payment date for the Obligations.

Pending the transfer of funds to the Paying Agent/Registrar, money in any Fund created and established by this Ordinance, at the option of the Issuer, may be placed in time deposits, certificates of deposit, guaranteed investment contracts, or similar contractual agreements, as permitted by the provisions of the Public Funds Investment Act, as amended, Chapter 2256, Texas Government Code, secured (to the extent not insured by the Federal Deposit Insurance Corporation) by obligations of the type hereinafter described, or be invested, as authorized by any law, including investments held in book-entry form, in securities including, but not limited to, direct obligations of the United States of America, obligations guaranteed or insured by the United States of America, which, in the opinion of the Attorney General of the United States, are backed by its full faith and credit or represent its general obligations, or invested in indirect obligations of the United States of America, including, but not limited to, evidences of indebtedness issued, insured or guaranteed by such governmental agencies as the Federal Land Banks, Federal Intermediate Credit Banks, Banks for Cooperatives, Federal Home Loan Banks, Government National Mortgage Association, Farmers Home Administration, Federal Home Loan Mortgage Association, Small Business Administration, or Federal Housing Association; provided that all such deposits and investments shall be made in such a manner that the money required to be expended from such Fund will be available at the proper time or times. All interest and income derived from deposits and investments in such Fund shall be credited to, and any losses debited to, such Fund. All such investments shall be sold promptly when necessary to prevent any default in connection with the Obligations.

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

SECTION 12: Deposits to Obligation Fund – Surplus Obligation Proceeds. The Issuer hereby covenants and agrees to cause to be deposited in the Obligation Fund prior to a principal and interest payment date for the Obligations, from the annual levy of an ad valorem tax or from other lawfully available funds, amounts sufficient to fully pay and discharge promptly each installment of interest and principal of the Obligations as the same accrues or matures or comes due by reason of Stated Maturity.

Accrued interest, if any, received from the Purchasers of the Obligations shall be deposited to the Obligation Fund. In addition, any surplus proceeds from the sale of the Obligations, including investment income thereon, not expended for authorized purposes, as described in Section 1 hereof, shall be deposited in the Obligation Fund, and such amounts so deposited shall reduce the sums otherwise required to be deposited in said Fund from ad valorem taxes.

SECTION 13: Security of Funds. All money on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested as provided herein) 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 money on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

SECTION 14: Remedies in Event of Default. In addition to all the rights and remedies provided by the laws of the State of Texas, the Issuer covenants and agrees particularly that in the event the Issuer (a) defaults in the payments to be made to the Obligation Fund or (b) defaults in the observance or performance of any other of the covenants, conditions, or obligations set forth in this Ordinance, the Holders of any of the Obligations shall be entitled to seek a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the Issuer and other officers of the Issuer to observe and perform any covenant, condition, or obligation prescribed in this Ordinance.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

SECTION 15: 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 as it appears in the Security Register.

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 Holders. 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 16: Cancellation. All Obligations surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying

Agent/Registrar. The Issuer may at any time deliver to the Paying Agent/Registrar for cancellation any Obligations previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Obligations so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Obligations held by the Paying Agent/Registrar shall be destroyed as directed by the Issuer.

SECTION 17: Mutilated, Destroyed, Lost, and Stolen Obligations. If (1) any mutilated Obligation is surrendered to the Paying Agent/Registrar, or the Issuer and the Paying Agent/Registrar receive evidence to their satisfaction of the destruction, loss, or theft of any Obligation, and (2) there is delivered to the Issuer and the Paying Agent/Registrar such security or indemnity as may be required to save each of them harmless, then, in the absence of notice to the Issuer or the Paying Agent/Registrar that such Obligation has been acquired by a bona fide purchaser, the Issuer shall execute and, upon its request, the Paying Agent/Registrar shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Obligation, a new Obligation of the same Stated Maturity and interest rate and of like tenor and principal amount, bearing a number not contemporaneously outstanding.

In case any such mutilated, destroyed, lost, or stolen Obligation has become or is about to become due and payable, the Issuer in its discretion may, instead of issuing a new Obligation, pay such Obligation.

Upon the issuance of any new Obligation or payment in lieu thereof, under this Section, the Issuer may require payment by the Holder of a sum sufficient to cover any tax or other governmental charge imposed in relation thereto and any other expenses (including attorney's fees and the fees and expenses of the Paying Agent/Registrar) connected therewith.

Every new Obligation issued pursuant to this Section in lieu of any mutilated, destroyed, lost, or stolen Obligation shall constitute a replacement of the prior obligation of the Issuer, whether or not the mutilated, destroyed, lost, or stolen Obligation shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Ordinance equally and ratably with all other Outstanding Obligations.

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

SECTION 18: Sale of Obligations - Purchase and Investment Letters Approval – Use of Proceeds. The Obligations authorized by this Ordinance are hereby sold by the Issuer to Branch Banking and Trust Company, Charlotte, North Carolina (the *Purchasers*, having all the rights, benefits, and obligations of a Holder), generally in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof, in accordance with the provisions of a Purchase and Investment Letter (the *Purchase Contract*), dated May 23, 2011 attached hereto as Exhibit B and incorporated hereby by reference as a part of this Ordinance for all purposes. The Initial Obligations shall be registered in the name of Branch Banking and Trust Company. The Mayor of the Issuer is hereby authorized and directed to execute the Purchase Contract for and on behalf of the Issuer and as the act and deed of this Governing Body, and in regard to the approval and execution of the Purchase Contract, the Governing Body hereby finds, determines and declares

that the representations, warranties, and agreements of the Issuer contained in the Purchase Contract are true and correct in all material respects and shall be honored and performed by the Issuer. Delivery of the Obligations to the Purchasers shall occur as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of the Purchase Contract.

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

(1) Accrued interest, if any, received from the Purchasers shall be deposited into the Obligation Fund.

(2) The balance of the proceeds derived from the sale of the Obligations (after paying costs of issuance) shall be deposited into the special construction account or accounts created for the projects to be constructed with the proceeds of the Obligations. This special construction account shall be established and maintained at the Depository and shall be invested in accordance with the provisions of Section 10 of this Ordinance. Interest earned on the proceeds of the Obligations pending completion of construction of the projects financed with such proceeds shall be accounted for, maintained, deposited, and expended as permitted by the provisions of Chapter 1201, as amended, Texas Government Code, or as required by any other applicable law. Thereafter, such amounts shall be expended in accordance with Section 12 of this Ordinance.

#### SECTION 19: Covenants to Maintain Tax-Exempt Status.

A. Definitions. When used in this Section, the following terms have the following meanings:

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

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

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

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

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

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

*Regulations* means any proposed, temporary, or final Income Tax Regulations issued pursuant to Sections 103 and 141 through 150 of the Code, and 103 of the Internal

Revenue Code of 1954, which are applicable to the Obligations. Any reference to any specific Regulation shall also mean, as appropriate, any proposed, temporary or final Income Tax Regulation designed to supplement, amend or replace the specific Regulation referenced.

*Yield of*

- and
- (1) any Investment has the meaning set forth in Section 1.148-5 of the Regulations;
  - (2) the Obligations has the meaning set forth in Section 1.148-4 of the Regulations.

B. Not to Cause Interest to Become Taxable. The Issuer 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 Obligations 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 Issuer receives a written opinion of counsel nationally recognized in the field of municipal bond law to the effect that failure to comply with such covenant will not adversely affect the exemption from federal income tax of the interest on any Obligation, the Issuer shall comply with each of the specific covenants in this Section.

C. No Private Use or Private Payments. Except to the extent that it will not cause the Obligations to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the Issuer shall at all times prior to the last Stated Maturity of Obligations:

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

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

D. No Private Loan. Except to the extent that it will not cause the Obligations to become “private activity bonds” within the meaning of section 141 of the Code and the Regulations and rulings thereunder, the Issuer shall not use Gross Proceeds of the Obligations to make or finance loans to any person or entity other than a state or local government. For

purposes of the foregoing covenant, such Gross Proceeds are considered to be “loaned” to a person or entity if: (i) property acquired, constructed or improved with such Gross Proceeds is sold or leased to such person or entity in a transaction which creates a debt for federal income tax purposes; (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 any property acquired, constructed or improved with such Gross Proceeds are otherwise transferred in a transaction which is the economic equivalent of a loan.

E. Not to Invest at Higher Yield. Except to the extent that it will cause the Obligations to become “arbitrage bonds” within the meaning of section 148 of the Code and the Regulations and rulings thereunder, the Issuer shall not at any time prior to the final Stated Maturity of the Obligations directly or indirectly invest Gross Proceeds in any Investment, if as a result of such investment the Yield of any Investment acquired with Gross Proceeds, whether then held or previously disposed of, materially exceeds the Yield of the Obligations.

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

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

H. Rebate of Arbitrage Profits. Except to the extent otherwise provided in section 148(f) of the Code and the Regulations and rulings thereunder or except to the extent the Issuer complies with Subsection J of this Section:

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

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

(3) As additional consideration for the purchase of the Obligations by the Purchasers and the loan of the money represented thereby and in order to induce such purchase by measures designed to insure the excludability of the interest thereon from the gross income of the owners thereof for federal income tax purposes, the Issuer shall pay to the United States out of the

Obligation Fund or its general fund, as permitted by applicable Texas statute, regulation or opinion of the Attorney General of the State of Texas, the amount that when added to the future value of previous rebate payments made for the Obligations equals (i) in the case of a Final Computation Date as defined in Section 1.148-3(e)(2) of the Regulations, one hundred percent (100%) of the Rebate Amount on such date; and (ii) in the case of any other Computation Date, ninety percent (90%) of the Rebate Amount on such date. In all cases, the rebate payments shall be made at the times, in the installments, to the place and in the manner as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder, and shall be accompanied by Form 8038-T or such other forms and information as is or may be required by section 148(f) of the Code and the Regulations and rulings thereunder.

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

I. Not to Divert Arbitrage Profits. Except to the extent permitted by section 148 of the Code and the Regulations and rulings thereunder, the Issuer shall not, at any time prior to the earlier of the Stated Maturity or final payment of the Obligations, enter into any transaction that reduces the amount required to be paid to the United States pursuant to Subsection H of this Section because such transaction results in a smaller profit or a larger loss than would have resulted if the transaction had been at arm's length and had the Yield of the Obligations not been relevant to either party.

J. No Rebate Required. The Issuer need not comply with the covenants and duties imposed by the provisions of Subsection H. of this Section if:

(1) the Issuer is a governmental unit with general taxing powers;

(2) 95% of the Net Proceeds of the Obligations and all income from the investment thereof will be used for the governmental activities of the Issuer;

(3) the aggregate face amount, within the meaning of Section 1.148-8(c)(1) of the Regulations, of all debt obligations (other than private activity bonds) issued or expected to be issued by the Issuer or any subordinate entity in the calendar year in which the Obligations are issued is not reasonably expected to exceed \$5,000,000; and

(4) the Issuer otherwise satisfies the requirements of paragraph (4)(c) of section 148(f) of the Code and Section 1.148-8 of the Regulations and rulings thereunder.

K. Obligations Not Hedge Bonds.

(1) The Issuer reasonably expects to spend at least 85% of the spendable proceeds of the Obligations within three years after such Obligations are issued.

(2) Not more than 50% of the proceeds of the Obligations will be invested in Nonpurpose Investments having a substantially guaranteed Yield for a period of 4 years or more.

L. Elections. The Issuer hereby directs and authorizes the Mayor, Mayor Pro Tem, City Manager, City Secretary, or City Attorney, either or any combination of the foregoing, to make such elections in the Certificate as to Tax Exemption or similar or other appropriate certificate, form, or document permitted or required pursuant to the provisions of the Code or the Regulations, as they deem necessary or appropriate in connection with the Obligations. Such elections shall be deemed to be made on the Closing Date.

M. Qualified Tax-Exempt Obligations. The Issuer hereby designates the Obligations as *qualified tax-exempt obligations* for purposes of section 265(b) of the Code. In furtherance of such designation, the Issuer represents, covenants and warrants the following: (a) during the calendar year in which the Obligations are issued, the Issuer (including any subordinate entities) has not designated nor will designate obligations, which when aggregated with the Obligations, will result in more than \$10,000,000 of “qualified tax-exempt obligations” being issued; (b) the Issuer reasonably anticipates that the amount of tax-exempt obligations issued during the calendar year 2011 by the Issuer (including any subordinate entities) will not exceed \$10,000,000; and (c) the Issuer will take such action or refrain from such action as is necessary in order that the Obligations will not be considered “private activity bonds” within the meaning of section 141 of the Code.

SECTION 20: Control and Custody of Obligations. The Mayor shall be and is hereby authorized to take and have charge of all necessary orders and records pending investigation by the Attorney General of the State of Texas and shall take and have charge and control of the Obligations pending their approval by the Attorney General, the registration thereof by the Comptroller of Public Accounts and the delivery of the Obligations to the Purchasers.

Furthermore, the Mayor, Mayor Pro Tem, City Manager, City Secretary, or City Attorney, either or all, are hereby authorized and directed to furnish and execute such documents relating to the Issuer and its financial affairs as may be necessary for the issuance of the Obligations, the approval of the Attorney General and their registration by the Comptroller of Public Accounts and, together with the Issuer’s financial advisors, Bond Counsel, and the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Obligations to the Purchasers and the initial exchange thereof for definitive Obligations.

SECTION 21: Satisfaction of Obligation of Issuer. If the Issuer 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 Obligations, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and all covenants, agreements, and other obligations of the Issuer to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Obligations, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Obligations or the principal amount(s) thereof at Stated Maturity or to the redemption date therefor, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent, or

(ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Obligations, or the principal amount(s) thereof, on and prior to the Stated Maturity thereof or (if notice of redemption has been duly given or waived or if irrevocable arrangements therefor acceptable to the Paying Agent/Registrar have been made) the redemption date thereof. The Issuer covenants that no deposit of money or Government Securities will be made under this Section and no use made of any such deposit which would cause the Obligations to be treated as arbitrage bonds within the meaning of section 148 of the Code (as defined in Section 19 hereof).

Any money so deposited with the Paying Agent/Registrar, 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 Obligations, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the Issuer or deposited as directed by the Issuer. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Obligations and remaining unclaimed for a period of three (3) years after the Stated Maturity of the Obligations, or applicable redemption date, such money was deposited and is held in trust to pay shall upon the request of the Issuer be remitted to the Issuer against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem defeased Obligations that is made in conjunction with the payment arrangements specified in subsection (i) or (ii) above shall not be irrevocable, provided that: (1) in the proceedings providing for such defeasance, the City expressly reserves the right to call the defeased Obligations for redemption; (2) gives notice of the reservation of that right to the owners of the defeased Obligations immediately following the defeasance; (3) directs that notice of the reservation be included in any redemption notices that it authorizes; and (4) at the time of the redemption, satisfies the conditions of (i) or (ii) above with respect to such defeased debt as though it was being defeased at the time of the exercise of the option to redeem the defeased Obligations, after taking the redemption into account in determining the sufficiency of the provisions made for the payment of the defeased Obligations.

SECTION 22: Printed Opinion. The Purchasers' obligation to accept delivery of the Obligations is subject to its being furnished a final opinion of Fulbright & Jaworski L.L.P., as Bond Counsel, approving certain legal matters as to the Obligations, said opinion to be dated and delivered as of the date of initial delivery and payment for such Obligations. Printing of a true and correct copy of this opinion on the reverse side of each of the Obligations, with appropriate certificate pertaining thereto executed by facsimile signature of the City Secretary of the Issuer is hereby approved and authorized.

SECTION 23: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Obligations. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Obligations shall be of no significance or effect as regards the legality

thereof, and neither the Issuer nor attorneys approving said Obligations as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Obligations.

SECTION 24: Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 25: Ordinance a Contract; Amendments - Outstanding Obligations. The Issuer acknowledges that the covenants and obligations of the Issuer herein contained are a material inducement to the purchase of the Obligations. This Ordinance shall constitute a contract with the Holders from time to time, shall be binding on the Issuer and its successors and assigns, and shall not be amended or repealed by the Issuer so long as any Obligation remains Outstanding except as permitted in this Section. The Issuer 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 Issuer may, with the written consent of Holders holding a majority in aggregate principal amount of the Obligations then Outstanding affected thereby, amend, add to, or rescind any of the provisions of this Ordinance; provided, however that, without the consent of all Holders of Outstanding Obligations, no such amendment, addition, or rescission shall (1) extend the time or times of payment of the principal of, and interest on the Obligations, reduce the principal amount thereof, the redemption price therefor, or the rate of interest thereon, or in any other way modify the terms of payment of the principal of, or interest on the Obligations, (2) give any preference to any Obligation over any other Obligation, or (3) reduce the aggregate principal amount of Obligations required for consent to any such amendment, addition, or rescission.

SECTION 26: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the Issuer, Bond Counsel, 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, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the Issuer, Bond Counsel, the Paying Agent/Registrar, and the Holders.

SECTION 27: Inconsistent Provisions. All ordinances and 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 ordained herein.

SECTION 28: 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 29: 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 30: Severability. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the

application of such provision to other persons and circumstances shall nevertheless be valid, and the Governing Body hereby declares that this Ordinance would have been enacted without such invalid provision.

SECTION 31: Incorporation of Preamble Recitals. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the Governing Body.

SECTION 32: Authorization of Paying Agent/Registrar Agreement. The Governing Body of the Issuer hereby finds and determines that it is in the best interest of the Issuer to authorize the execution of a Paying Agent/Registrar Agreement concerning the payment, exchange, and transferability of the Obligations. A copy of the Paying Agent/Registrar Agreement is attached hereto, in substantially final form, as Exhibit A and is incorporated by reference to the provisions of this Ordinance.

SECTION 33: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is finally 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, as amended, Texas Government Code.

SECTION 34: Unavailability of Authorized Publication. If, because of the temporary or permanent suspension of any newspaper, journal, or other publication, or, for any reason, publication of notice cannot be made meeting any requirements herein established, any notice required to be published by the provisions of this Ordinance shall be given in such other manner and at such time or times as in the judgment of the Issuer or of the Paying Agent/Registrar shall most effectively approximate such required publication and the giving of such notice in such manner shall for all purposes of this Ordinance be deemed to be in compliance with the requirements for publication thereof.

SECTION 35: No Recourse Against Issuer Officials. No recourse shall be had for the payment of principal of, premium, if any, or interest on any Obligation or for any claim based thereon or on this Ordinance against any official of the Issuer or any person executing any Obligation.

SECTION 36: Continuing Disclosure Undertaking.

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

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

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

The Obligations are being sold pursuant to a private placement with the Purchasers, generally in denominations of \$100,000 or any integral multiple of \$5,000 in excess thereof, to less than thirty-five sophisticated investors, and therefore SEC Rule 15c2-12 is not applicable to

the offering of the Obligations. Accordingly, no contract to provide continuing disclosure information after the issuance of the Obligations has been made by the Issuer with investors.

#### SECTION 37: Book-Entry Only System.

The Obligations may initially be registered so as to participate in a securities depository system (the *DTC System*) with the Depository Trust Company, New York, New York, or any successor entity thereto (*DTC*), as set forth herein. Each Stated Maturity of the Obligations shall be issued (following cancellation of the Initial Obligations described in Section 7) in the form of a separate single definitive Obligation. Upon issuance, the ownership of each such Obligation shall be registered in the name of Cede & Co., as the nominee of DTC, and all of the Outstanding Obligations shall be registered in the name of Cede & Co., as the nominee of DTC. The Issuer and the Paying Agent/Registrar are authorized to execute, deliver, and take the actions set forth in such letters to or agreements with DTC as shall be necessary to effectuate the DTC System, including the Letter of Representations attached hereto as Exhibit C (the *Representation Letter*).

With respect to the Obligations registered in the name of Cede & Co., as nominee of DTC, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation to any broker-dealer, bank, or other financial institution for which DTC holds the Obligations from time to time as securities depository (a *Depository Participant*) or to any person on behalf of whom such a Depository Participant holds an interest in the Obligations (an *Indirect Participant*). Without limiting the immediately preceding sentence, the Issuer and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co., or any Depository Participant with respect to any ownership interest in the Obligations, (ii) the delivery to any Depository Participant or any other person, other than a registered owner of the Obligations, as shown on the Security Register, of any notice with respect to the Obligations, including any notice of redemption, or (iii) the delivery to any Depository Participant or any Indirect Participant or any other Person, other than a Holder of an Obligation, of any amount with respect to principal of, premium, if any, or interest on the Obligations. While in the DTC System, no person other than Cede & Co., or any successor thereto, as nominee for DTC, shall receive an Obligation evidencing the obligation of the Issuer to make payments of principal, premium, if any, and interest pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the Holder, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

In the event that (a) the Issuer determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, (b) the Representation Letter shall be terminated for any reason, or (c) DTC or the Issuer determines that it is in the best interest of the beneficial owners of the Obligations that they be able to obtain certificated Obligations, the Issuer shall notify the Paying Agent/Registrar, DTC, and the Depository Participants of the availability within a reasonable period of time through DTC of bond certificates, and the Obligations shall no longer be restricted to being registered in the name of Cede & Co., as nominee of DTC. At that time, the Issuer may determine that the Obligations shall be registered in the name of and deposited with a successor depository operating a securities depository system, as may be acceptable to the Issuer, or such depository's agent or

designee, and if the Issuer and the Paying Agent/Registrar do not select such alternate securities depository system then the Obligations may be registered in whatever name or names the Holders of Obligations transferring or exchanging the Obligations shall designate, in accordance with the provisions hereof.

Notwithstanding any other provision of this Ordinance to the contrary, so long as any Obligation is registered in the name of Cede & Co., as nominee of DTC, all payments with respect to principal of, premium, if any, and interest on such Obligation and all notices with respect to such Obligation shall be made and given, respectively, in the manner provided in the Representation Letter.

SECTION 38: Further Procedures. The officers and employees of the Issuer are hereby authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and under the corporate seal and on behalf of the Issuer all such instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the initial sale and delivery of the Obligations, the Paying Agent/Registrar Agreement, and the Purchase Contract. In addition, prior to the initial delivery of the Obligations, the Mayor, City Manager, or the City Secretary and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Obligations by the Texas Attorney General's office. In case any officer of the Issuer whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

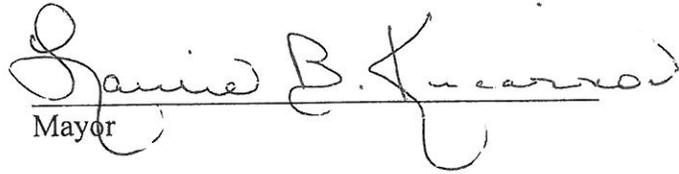
SECTION 39: Accounting Reports. The Issuer shall provide annually to Branch Banking and Trust Company for so long as it is the holder of the Obligations, within six months after the end of each fiscal year ending in or after 2011, financial information and operating data with respect to the Issuer; provided that such financial statements so to be provided shall be (1) prepared in accordance with the generally accepted accounting principles, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to Texas law or regulations, and (2) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Issuer shall provide (1) unaudited financial statements for the applicable fiscal year within six months after the end of such fiscal year, and (2) audited financial statements for the applicable fiscal year to Branch Banking and Trust Company when and if the audit report on such statements become available.

SECTION 40: Effective Date. This Ordinance shall be in force and effect from and after its passage on the date shown below.

*[The remainder of this page intentionally left blank.]*

PASSED AND ADOPTED by the City Council of the City of West Columbia, Texas,  
this the 23<sup>rd</sup> day of May, 2011.

CITY OF WEST COLUMBIA, TEXAS

  
\_\_\_\_\_  
Mayor

ATTEST:

  
\_\_\_\_\_  
City Secretary

(CITY SEAL)

Exhibit A - Paying Agent/Registrar Agreement  
Exhibit B - Purchase Contract  
Exhibit C - DTC Letter of Representations

**EXHIBIT A**

Paying Agent/Registrar Agreement

See Tab No. \_\_

## PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT entered into as of May 23, 2011 (this *Agreement*) is between City of West Columbia, Texas (the *Issuer*) and Branch Banking and Trust Company, Charlotte, North Carolina a commercial bank duly organized and existing under the laws of the State of North Carolina and the United States of America and authorized to transact business in the State of Texas (the *Bank*).

### RECITALS OF THE ISSUER

The Issuer has duly authorized and provided for the issuance of its CITY OF WEST COLUMBIA, TEXAS TAX NOTES, SERIES 2011” (the *Securities*), dated May 15, 2011, in the aggregate principal amount of \$300,000 to be issued as registered securities without coupons;

All things necessary to make the Securities the valid obligations of the Issuer, in accordance with their terms, will be taken upon the issuance and delivery thereof;

The Issuer is desirous that the Bank act as the Paying Agent of the Issuer in paying the principal, premium (if any) and interest on the Securities, in accordance with the terms thereof, and that the Bank act as Registrar for the Securities;

The Issuer has duly authorized the execution and delivery of this Agreement; and all things necessary to make this Agreement the valid agreement of the Issuer, in accordance with its terms, have been done.

NOW, THEREFORE, it is mutually agreed as follows:

### ARTICLE ONE APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

#### Section 1.01 Appointment.

The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Securities, in order to pay, when due, the principal, premium (if any), and interest on all or any of the Securities to the Holders of the Securities, all in accordance with this Agreement and the Ordinance (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Securities.

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

#### Section 1.02 Compensation.

As compensation for the Bank’s services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank the fees and amounts set forth in Annex A hereto for the first year of this Agreement and thereafter the fees and amounts set forth in the Bank’s current fee schedule then

in effect for services as Paying Agent/Registrar for political subdivisions, which shall be supplied to the Issuer on or before ninety (90) days prior to the close of the Fiscal Year of the Issuer and which shall be effective upon the first day of the following Fiscal Year. The Issuer covenants to provide notice to the Bank upon any change in the Issuer's Fiscal Year within ten (10) business days of the governing body of the Issuer's decision to change the Fiscal Year of the Issuer.

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

## ARTICLE TWO DEFINITIONS

### Section 2.01 Definitions.

For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms, whenever the same appears herein without qualifying language, are defined to mean as follows:

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

*Bank Office* means the corporate trust office of the Bank set forth on the signature page of this agreement. The Bank will notify the Issuer, in writing, of any change in location of the Bank Office.

*Fiscal Year* means the fiscal year of the Issuer, which currently begins on October 1 and ends on September 30 of each year.

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

*Issuer Request* and *Issuer Order* means a written request or order signed in the name of the Issuer by the Mayor or City Secretary of the Issuer and delivered to the Bank.

*Legal Holiday* means a day on which the Bank is required or authorized to be closed.

*Ordinance* means the resolution, order, or ordinance of the governing body of the Issuer pursuant to which the Securities are issued, certified by the City Secretary of the Issuer or any other officer of the Issuer, and delivered to the Bank.

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

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

*Record Date* means the Record Date as defined in the Ordinance.

*Redemption Date* when used with respect to any Security to be redeemed means the date fixed for such redemption pursuant to the terms of the Ordinance.

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

*Securities* means the securities defined in the recital paragraphs herein.

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

*Stated Maturity* means the date specified in the Ordinance as the fixed date on which the principal of a Security is scheduled to be due and payable.

#### Section 2.02 Other Definitions.

The terms “Bank”, “Issuer”, and “Security” have the meanings assigned to them in the opening paragraph of this Agreement or in the Recitals of the Issuer.

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

#### Section 2.03 Construction of Terms.

If appropriate in the context of this Agreement, words of the singular shall be considered to include the plural, words of the plural shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

ARTICLE THREE  
PAYING AGENT

Section 3.01 Duties of Paying Agent.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the interest on each Security when due. The Bank shall compute the amount of interest to be paid each Holder, and shall prepare and send a check in the amount by United States mail (first class postage prepaid) on or prior to each interest payment date, to the Holder of each Security (or Predecessor Securities) whose name appears in the Security Register on the Record Date. Such checks shall be mailed in such manner to such Holder at the address for each such Holder appearing on the Security Register, or shall be transmitted to such Holder on each interest payment date by such other method acceptable to the Bank, requested in writing by, and at the risk and expense of the Holder.

Section 3.02 Payment Dates.

The Issuer hereby instructs the Bank to pay the principal and interest on the Securities at the dates specified in the Ordinance. The Issuer agrees to transfer or to cause to be transferred, in immediately available funds, to the Bank to pay principal and/or interest, either or both, by no later than 4:00 p.m. on the business day immediately preceding the payment dates.

As Paying Agent, the Bank shall, provided adequate collected funds have been provided to it for such purpose by or on behalf of the Issuer, pay on behalf of the Issuer the principal of and interest on each Security when due, by computing the amount of interest to be paid each Holder, preparing the checks and mailing the checks on the payment date, to the Holders of the Securities on the Record Date, addressed to their address appearing on the Security Register.

ARTICLE FOUR  
REGISTRAR

Section 4.01 Transfer and Exchange.

The Issuer shall keep at the Bank Office a register (the *Security Register*) in which, subject to such reasonable written regulations as the Issuer may prescribe (which regulations shall be furnished the Bank herewith or subsequent hereto by Issuer Order), the Issuer shall provide for the registration of the Securities and for transfers of Securities. The Bank is hereby appointed *Registrar* for the purpose of registering Securities and transfers of Securities as herein provided. The Bank agrees to maintain the Security Register while it is Registrar.

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

As a condition to effecting a re-registration, transfer or exchange of the Securities, the Registrar may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Securities. To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of Securities, the exchange or transfer by the Holders thereof shall be completed and new Securities delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Securities to be canceled and exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

#### Section 4.02 Certificates.

The Issuer shall provide the Registrar with an adequate inventory of Securities certificates to facilitate transfers. The Bank covenants that it will maintain the Securities certificates in safekeeping and will use reasonable care in maintaining such Securities certificates in safekeeping, which shall not be less than the level of care it maintains for debt securities of other political subdivisions or corporations for which it serves as registrar, or which it maintains for its own securities.

#### Section 4.03 Form of Security Register.

The Bank as Registrar will maintain the records of the Security Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than those which the Bank has currently available and currently utilizes at the time.

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

#### Section 4.04 List of Security Holders.

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

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

#### Section 4.05 Return of Canceled Securities.

The Bank will destroy all canceled Securities pursuant to the Securities Exchange Act of 1934.

#### Section 4.06 Mutilated, Destroyed, Lost or Stolen Securities Certificates.

The Issuer hereby instructs the Bank to deliver and issue Securities certificates in exchange for or in lieu of mutilated, destroyed, lost or stolen Securities certificates as long as the same does not result in an overissuance.

The Bank will issue and deliver a new Security certificate in exchange for a mutilated Security certificate surrendered to it. The Bank will issue a new Security certificate in lieu of a Security certificate for which it received written representation from the Holder that the certificate representing such Security is destroyed, lost, or stolen, without the surrender or production of the original certificate. The Bank will pay on behalf of the Issuer the unpaid principal and premium, if any, of a Security at the Stated Maturity or on the Redemption Date or Acceleration Date, for which it receives written representation that the certificate representing such Security is destroyed, lost, or stolen without the surrender or production of the original certificate.

The Bank will not issue a replacement Security certificate or pay such replacement Security certificate unless there is delivered to the Bank such security or indemnity as it may require (which may be by the Bank's Blanket Lost Original Instrument Bond) to save both the Bank and the Issuer harmless.

On satisfaction of the Bank and the Issuer that a Security certificate has been mutilated, destroyed, lost or stolen, the certificate number on the mutilated, destroyed, lost or stolen Security certificate will be canceled with a notation that it has been mutilated, destroyed, lost or stolen and a new Security certificate will be issued of the same series and of like tenor and principal amount bearing a number (according to the Security Register) not contemporaneously outstanding.

The Bank may charge the Holder the Bank's fees and expenses in connection with issuing a new Security certificate in lieu of or exchange for a mutilated, destroyed, lost, or stolen Security certificate.

The Issuer hereby accepts the Bank's current Blanket Lost Original Instrument Bond for lost, stolen, or destroyed certificates and any future substitute bond for lost, stolen, or destroyed certificates that the Bank may arrange; and agrees that the coverage under any such bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of such bond. At any time the Bank is customarily open for business, the Blanket Lost Original Instrument Bond then utilized for the purpose of lost, stolen, or destroyed certificates by the Bank shall be available for inspection by the Issuer on request. The Issuer hereby accepts the Bank's indemnity to replace the Security certificates destroyed or lost while in the possession or under the control of the Bank.

#### Section 4.07 Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Securities it has paid pursuant to Section 3.01 and

Securities it has delivered upon the transfer or exchange of any Securities pursuant to Section 4.01.

ARTICLE FIVE  
THE BANK

Section 5.01 Duties of Bank.

The Bank undertakes to perform the duties set forth herein and in the Ordinance and agrees to use reasonable care in the performance thereof.

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

Section 5.02 Reliance on Documents, Etc.

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

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

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

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security, or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties. Without limiting the generality of the foregoing statement, the Bank need not examine the ownership of any Securities but is protected in acting upon receipt of Securities containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Holder or an agent of the Holder. The Bank shall not be bound to make any investigation into the facts or matters stated in a resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note, security or other paper or document supplied by Issuer.

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

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

Section 5.03 Recitals of Issuer.

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

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

Section 5.04 May Hold Securities.

The Bank, in its individual or any other capacity, may become the owner or pledgee of Securities and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar or any other agent, provided that such dealings do not result in a breach of any duties or agreement imposed by this Agreement.

Section 5.05 Money Held by Bank.

A paying agent account shall at all times be kept and maintained by the Bank for the receipt, safekeeping, and disbursement of money received from the Issuer hereunder for the payment of the Securities, and money deposited to the credit of such account until paid to the Holders of the Securities shall be continuously collateralized by securities or obligations which qualify and are eligible under the laws of the State of Texas to secure and be pledged as collateral for paying agent accounts to the extent such money is not insured by the Federal Deposit Insurance Corporation.

The Bank shall be under no liability for interest on any money received by it hereunder.

Any money deposited with the Bank for the payment of the principal, premium (if any), or interest on any Security and remaining unclaimed for three years after final maturity of the Security has become due and payable will be held by the Bank and disposed of only in accordance with Title 6 of the Texas Property Code (Unclaimed Property).

The Bank will comply with the reporting provisions of Chapter 74 of the Texas Property Code with respect to property that is presumed abandoned under Chapter 72 or Chapter 75 of the Texas Property Code or inactive under Chapter 73 of the Texas Property Code.

Section 5.06 Indemnification.

The Issuer agrees, to the extent it legally may, to indemnify the Bank (including its directors, officers and employees) for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement. The foregoing indemnities in

this paragraph shall survive the resignation or substitution of the Bank or the termination of this Agreement.

Section 5.07 Interpleader.

The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demands or controversy over its persons as well as funds on deposit, in either a Federal or State District Court located in the State and County or Counties where either the Bank (Texas offices only) or the Issuer is located, waive personal service of any process, and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in Section 6.03 of this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction in the State of Texas to determine the rights of any Person claiming interest herein.

Section 5.08 Depository Trust Company.

It is hereby represented and warranted that, in the event the Securities are otherwise qualified and accepted for "Depository Trust Company" services or equivalent depository trust services by other organizations, the Bank has the capability and, to the extent within its control, will comply with the "Operational Arrangements", promulgated from time to time by The Depository Trust Company, which establishes requirements for securities to be eligible for the timeliness of payments and funds availability, transfer turnaround time, and notification of redemptions and calls.

ARTICLE SIX  
MISCELLANEOUS PROVISIONS

Section 6.01 Amendment.

This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02 Assignment.

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

Section 6.03 Notices.

Any request, demand, authorization, direction, notice, consent, waiver or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown on the signature page of this Agreement.

Section 6.04 Effect of Headings.

The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

Section 6.05 Successors and Assigns; Merger, Conversion, Consolidation or Succession.

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

Any corporation into which the Bank may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion, or consolidation to which the Bank shall be a party, or any corporation succeeding to all or substantially all of the corporate trust business of the Bank shall be the successor the Bank hereunder without the execution or filing of any paper or any further act on the part of either of the parties hereto. In case any Security shall have been registered, but not delivered, by the Bank then in office, any successor by merger, conversion, or consolidation to such authenticating Bank may adopt such registration and deliver the Security so registered with the same effect as if such successor Bank had itself registered such Security.

Section 6.06 Severability.

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

Section 6.07 Benefits of Agreement.

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

Section 6.08 Entire Agreement.

This Agreement and the Ordinance constitute the entire agreement between the parties hereto relative to the Bank acting as Paying Agent/Registrar for the Securities, and if any conflict exists between this Agreement and the Ordinance, the Ordinance shall govern.

Section 6.09 Counterparts.

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

Section 6.10 Termination.

This Agreement will terminate on the date of final payment by the Bank issuing its checks for the final payment of principal of and interest on the Securities.

This Agreement may be earlier terminated upon 60 days written notice by either party; provided, however, that this Agreement may not be terminated (i) by the Bank until a successor Paying Agent/Registrar that is a national or state banking institution and a corporation or association organized and existing under the laws of the United States of America or of any state

which possesses trust powers and is subject to supervision or examination by a federal or state regulatory agency has been appointed by the Issuer and has accepted such appointment, or (ii) at any time during which such termination might, in the judgment of the Issuer, disrupt, delay, or otherwise adversely affect the payment of the principal, premium, if any, or interest on the Securities. Prior to terminating this Agreement, the Issuer may reasonably require the Bank to show that such termination will not occur during a period described in (ii) above.

The resigning Paying Agent/Registrar may petition any court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar if an instrument of acceptance by a successor Paying Agent/Registrar has not been delivered to the resigning Paying Agent/Registrar within sixty (60) days after the giving of such notice of resignation.

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

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

Section 6.11 Governing Law.

This Agreement shall be construed in accordance with and governed by the laws of the State of Texas and the United States of America.

*[The remainder of this page intentionally left blank.]*

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

CITY OF WEST COLUMBIA, TEXAS

By: *Samuel B. Keenan*  
Title: Mayor  
Address: 512 East Brazos Avenue  
West Columbia, Texas 77486

[SEAL]

Attest:

*Kelli R. Kuban*  
Title: City Secretary

BRANCH BANKING AND TRUST COMPANY,  
as Paying Agent/Registrar

By: \_\_\_\_\_  
Title: \_\_\_\_\_  
Address: 5130 Parkway Plaza Boulevard  
Charlotte, North Carolina 28217

Attest:

\_\_\_\_\_  
Title: \_\_\_\_\_

## **Annex A**

### Fee Schedule

As additional consideration for its being awarded the sale of the Securities by the Issuer, the Bank has offered to, and will in fact, perform the duties described in this Agreement for no additional fee to the Issuer.

**EXHIBIT B**

Purchase Contract

See Tab No. \_\_

## FINANCIAL ADVISORY CONTRACT

The Honorable Mayor and City Council  
City of West Columbia  
512 East Brazos (77486-2944)  
Post Office Box 487  
West Columbia, Texas 77486-0487

Ladies and Gentlemen:

1. We understand that the City, from time to time, will consider the issuance of debt obligations and that in connection with the authorization, issuance, sale and delivery of such obligations you desire us to perform professional services in the capacity of Financial Advisors for your City.
2. By this proposal, we offer our professional services and our facilities as Financial Advisors and agree to perform the following duties normally performed by such advisors, and to perform such other duties as, in our judgment, may be necessary or advisable:
  - a. We will make a study of the debt structure of your City, the trend of the assessed valuation, its taxing power and the present and estimated future taxing power and the present and estimated future taxing requirements. If the revenues of a system or facility are to be pledged to repayment of the securities in question, the study will take into account any outstanding obligations which are payable from the net revenues thereof, additional net revenues to arise from any proposed rate increase and the additional net revenues as projected by your consulting engineers as a result of the improvements to be financed by these securities in question; and on the basis of such study, to devise and recommend for your approval, a plan of financing to cover the proposed bonds. Such plan shall include a maturity schedule and other terms and conditions, such as options of prior payment and the like, as will, in our opinion, result in the issuance of bonds under terms and conditions most advantageous to your City, consistent with a minimum effective interest rate.
  - b. We will assist you in obtaining competitive bids for services rendered from such other parties as may be associated with the issuance, sale and delivery of the bonds.
  - c. We understand that you have retained, or expect to retain a firm, of recognized municipal bond attorneys who will prepare the proceedings and advise the steps necessary to be taken in the bond election, if required, the legal issuance of the bonds, the final delivery of the bonds and who will issue an opinion approving the legality of the bonds, the fee of said firm to be paid by the City. We will maintain liaison with this firm of bond attorneys and shall assist in all the financial advisory aspects involved in the preparation of appropriate legal proceedings and documents. (At the City's request, we will assist in appointing attorneys.)

- d. If a bond election is required, we will assemble and transmit to the bond attorneys such data as may be required in the preparation of the necessary petitions, orders, resolutions, notices and certificates; and will assist your governing body in the expeditious handling thereof. We will arrange for the delivery to such official as you may designate such sets of election supplies, including ballots as are required for each polling place. The cost of such supplies is to be paid by the City.
  - e. We agree to assist in the preparation of an Official Statement or Prospectus containing official data and other information of the nature and to the extent ordinarily required in bidding on bonds of this type, all of which we are to furnish in a sufficient number of copies to permit mailing to prospective bidders, a list of which we agree to provide. The cost of printing such Official Statements is to be paid by the City.
  - f. We will advise you of current bond market conditions, forthcoming bond issues and other general information and economic data which might normally be expected to influence interest rates or bidding conditions, so that the date for the sale of any bonds in the open market can be set at a time which, in our opinion, will be favorable.
  - g. We agree to conduct and handle the sale and delivery of the bonds.
  - h. We will arrange for the printing of the bonds with the cost to be paid by the City.
3. We will consult with you on the matter of bond ratings for the proposed issue and, when so instructed, will direct the preparation of such information, as in our opinion, is required for submission to the bond rating agencies. In case it is considered advisable for a personal presentation of information to the bond rating agencies, we will be available to accompany those representing the City to New York for such presentation. All costs of such presentation, including any fees or charges of the rating agencies and the cost of travel by our representatives, shall be at your expense.
4. If appropriate, we will direct the preparation of such information as, in our opinion, is required for submission to the municipal bond insurance companies for consideration to qualify the proposed issue for municipal bond insurance. In a competitive sale, the cost of such insurance will be paid by the successful purchaser of the proposed issue. In a negotiated sale, the cost of such insurance could be included in the Bond structure.
5. We agree to direct and coordinate the entire program of financing herein contemplated. It is specifically understood and agreed, however, that this obligation on our part shall not cover payment of any expenses associated with the issuance of the obligations or the expenses of any litigation in regards to the obligations, if such would occur.
6. As consideration for the services rendered by us and as reimbursement for the expenses which we are to incur, it is understood and agreed that your City is to pay and we are to accept, a cash fee for such professional services in accordance with the fee schedule set forth as follows. Such fee shall become due and payable simultaneously with delivery of the bonds to the purchaser.

7. If appropriate, we will assist with the annual filing of all documents related to the Securities and Exchange Commission Rule 15c2-12 (Continuing Disclosure). It is understood that any fees due us for our work in this capacity will be determined on a case by case basis. At the time of the approval of this contract, the City will not be obligated to file Continuing Disclosure.

8. In the event a bond election is necessary and should fail, then the fee due us shall be nothing.

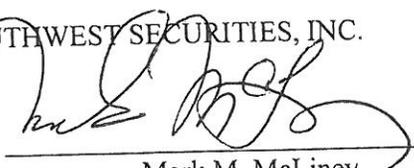
9. It is further understood and agreed that we reserve the right to submit a bid for any bonds offered for public sale, provided that we obtain written authorization from the City at least fourteen (14) days prior to said sale.

10. From the date of your acceptance, this agreement shall run for perpetuity; however, this contract can be terminated by either party upon thirty (30) days notice.

11. This proposal is submitted in duplicate, and when accepted by you, will constitute the entire agreement between your City and the undersigned for the purposes and considerations herein specified. Your acceptance will be indicated by the signature of your Mayor on both copies, retaining one copy for the City and returning the other executed copy to us.

Respectfully submitted,

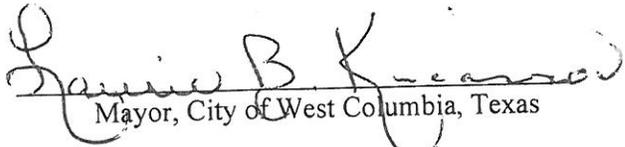
SOUTHWEST SECURITIES, INC.

By: 

Mark M. McLiney

#### ACCEPTANCE

ACCEPTED pursuant to a resolution adopted by the City Council of the City of West Columbia, Texas on this the 23rd day of May, 2011.

  
Mayor, City of West Columbia, Texas

### FEE SCHEDULE

The following schedule is an estimate of fees due for Financial Advisory work. The actual fee will be more or less, based upon work performed.

Base Fee - Any Issue					\$ 5,000	
Plus						
\$15.00	per \$1,000 next	\$ 2,000,000	or	\$ 35,000	for	\$ 2,000,000 Bonds
Plus						
\$ 5.00	per \$1,000 next	\$ 3,000,000	or	\$ 50,000	for	\$5,000,000 Bonds
Plus						
\$2.00	per \$1,000 next	\$ 5,000,000	or	\$ 60,000	for	\$10,000,000 Bonds
Plus						
\$ 1.00	per \$1,000 over	\$10,000,000				

Fees for Revenue Bonds or Bonds issued to State or Federal Agencies shall be as computed from the above schedule, plus 25% (125% of the scheduled amount). For any issue of Advanced Refunding Bonds and/or other Debt Instruments involving Escrow Agreements, it is understood and agreed that our fee will be the fee schedule set out above plus 10%. It is also understood and agreed that we will charge, in addition to our Financial Advisory fee, a computer fee to be negotiated on a case-by-case basis.

Southwest Securities, Inc. will bill the Issuer at Closing for each issue of Obligations a net amount which will include a fee calculated on the above schedule as well as costs and expenses, where applicable, incurred on behalf of the Issuer for the Bond Attorneys, preparation, printing, and distribution of the Notice of Sale, Official Statement, Uniform Bid Form or Private Placement Memorandum, independent consultants, information meetings, if any, presentations to rating agencies and rating fees, if any, printing of Obligations, and all appropriate costs and expenses associated with the closing and delivery of the Obligations.

Southwest Securities will get approval from City Staff prior to incurring any expenses, from other providers, on behalf of the City. In addition, prior to the sale of any obligations, SWS will get approval from the City in regards to its fee and expenses, including a computer/analytical fee, if any, to be charged on the Obligations.

Finally, Southwest Securities has agreed to cap all fees and expenses associated with the sale of the Tax Notes, Series 2011 at \$15,000.

**EXHIBIT C**

DTC Letter of Representations

See Tab No. \_\_

# The Depository Trust Company

A subsidiary of the Depository Trust & Clearing Corporation

## BLANKET ISSUER LETTER OF REPRESENTATIONS

(To be completed by Issuer and Co-Issuer(s), if applicable)

City of West Columbia, Texas

(Name of Issuer and Co-Issuer(s), if applicable)

May 23, 2011

(Date)

Attention: Underwriting Department  
**The Depository Trust Company**  
55 Water Street, 1SL  
New York, NY 10041-0099

Ladies and Gentlemen:

This letter sets forth our understanding with respect to all issues (the "Securities") that Issuer shall request to be made eligible for deposit by The Depository Trust Company ("DTC").

Issuer is: **(Note: Issuer shall represent one and cross out the other.)**

~~[Incorporated in]~~ [formed under the laws of] the State of Texas

To induce DTC to accept the Securities as eligible for deposit at DTC, and to act in accordance with DTC's Rules with respect to the Securities, Issuer represents to DTC that issuer will comply with the requirements stated in DTC's Operational Arrangements, as they may be amended from time to time.

Very truly yours,

**Note:**

Schedule A contains statements that DTC believes accurately describe DTC, the method of effecting book-entry transfers of securities distributed through DTC, and certain related matters.

Received and Accepted  
**THE DEPOSITORY TRUST COMPANY**

By: \_\_\_\_\_



The Depository Trust &  
Clearing Corporation

City of West Columbia, Texas

(Issuer)

By: \_\_\_\_\_

(Authorized Officer's Signature)

Laurie B. Kincannon, Mayor

(Print Name)

512 East Brazos Avenue

(Street Address)

West Columbia, Texas USA 77486

(City) (State) (Country) (Zip Code)

979-345-3123

(Phone Number)

mayor@westcolumbiatx.org

(E-mail Address)

**SAMPLE OFFERING DOCUMENT LANGUAGE  
DESCRIBING BOOK-ENTRY-ONLY ISSUANCE**

(Prepared by DTC--bracketed material may be applicable only to certain issues)

1. The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for [each issue of] the Securities, [each] in the aggregate principal amount of such issue, and will be deposited with DTC. [If, however, the aggregate principal amount of [any] issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.]

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

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

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

## SCHEDULE A

(To Blanket Issuer Letter of Representations)

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

[6. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.]

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

8. Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

[9. A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to [Tender/Remarketing] Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to [Tender/Remarketing] Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to [Tender/Remarketing] Agent's DTC account.]

10. DTC may discontinue providing its services as depository with respect to the Securities at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Security certificates are required to be printed and delivered.

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

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.