

**TRANSCRIPT OF PROCEEDINGS
RELATING TO**

**\$710,000
CITY OF WHITE SETTLEMENT, TEXAS
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATION
SERIES 2015**

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City of White Settlement, Texas
Public Property Finance Contractual Obligation
Series 2015

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CERTIFICATE FOR ORDINANCE

THE STATE OF TEXAS §
COUNTY OF TARRANT §
CITY OF WHITE SETTLEMENT §

I, the undersigned City Secretary of the City of White Settlement, Texas, hereby certify as follows:

1. The City Council of said City convened in regular meeting on the 11TH day of August, 2015, at the City Hall, and the roll was called of the duly constituted officers and members of said City Council, to-wit:

- Ronald A. White, Mayor
- Steve Ott, Mayor Pro Tem
- Paul Moore, Council Member
- Elzie Clements, Council Member
- Mike Arnold, Sr., Council Member
- Danny Anderson, Council Member

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

ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF CITY OF WHITE SETTLEMENT, TEXAS PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATION, SERIES 2015; LEVYING AN ANNUAL AD VALOREM TAX FOR PAYMENT OF SAID OBLIGATIONS; PROVIDING AN EFFECTIVE DATE; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

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

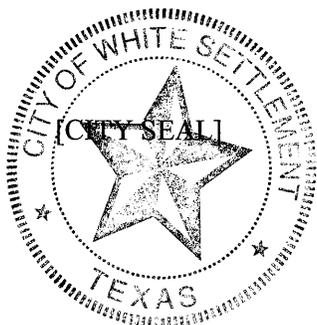
AYES: 4

NOES: 0

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

SIGNED AND SEALED August 12, 2015.

Jimmy Arnold, TRMC
City Secretary, City of White Settlement, Texas



ORDINANCE NO. 2015-2505

AUTHORIZING THE ISSUANCE AND SALE OF CITY OF WHITE SETTLEMENT, TEXAS PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATION, SERIES 2015; LEVYING AN ANNUAL AD VALOREM TAX FOR PAYMENT OF SAID OBLIGATIONS; PROVIDING AN EFFECTIVE DATE; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT

THE STATE OF TEXAS	§
COUNTY OF TARRANT	§
CITY OF WHITE SETTLEMENT	§

WHEREAS, the Public Property Finance Act, Tex. Loc. Gov't Code §§271.001 through 271.009, inclusive (the "Act"), authorizes, among others, cities to execute, perform, and make payments under contracts with any person for the use, acquisition or purchase of personal property or the financing thereof as described in the Act;

WHEREAS, the City Council (the "City Council") of the City of White Settlement, Texas (the "City") has found and determined that it is necessary, useful and appropriate for its public purposes to acquire and purchase all right, title and interest in the personal property described in Schedule I attached hereto, (the "Property" or "Project");

WHEREAS, the City Council has found and deems it necessary, useful and appropriate for its public purposes to acquire the Property and to adopt this Ordinance and issue the Contractual Obligations herein authorized as permitted by the Act; and

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

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF WHITE SETTLEMENT, TEXAS:

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE CONTRACTUAL OBLIGATION. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this Section. The contractual obligation of the City of White Settlement, Texas (the "Issuer") is hereby authorized to be issued and delivered in the aggregate principal amount of \$710,000 for the purpose of paying all or a portion of the Issuer's contractual obligations to be incurred in connection with the acquisition or purchase of the Property, in accordance with the provisions of the Public Property Finance Act, Chapter 271, Subchapter A, Texas Local Government Code; and to pay the costs of issuance incurred in connection with the issuance of the Contractual Obligation.

Section 2. DESIGNATION, DATE, DENOMINATION, NUMBER, MATURITY AND INTEREST RATE OF CONTRACTUAL OBLIGATION. Each contractual obligation issued pursuant to this Ordinance shall be designated: "CITY OF WHITE SETTLEMENT, TEXAS, PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATION, SERIES 2015," and there shall be issued, sold, and delivered hereunder one fully registered contractual obligation, without interest coupons, dated August 11, 2015, in the denomination and principal amount of \$710,000, numbered R-1, with any contractual obligation issued in

replacement thereof being in the denomination of the full principal amount of the series of which the contractual obligation is issued and numbered consecutively from R-2 upward, payable in installments to the registered owner thereof, or to the registered assignee of said contractual obligation (in each case, the "Registered Owner"). Principal of said contractual obligation shall mature and be payable in installments on the dates and in the amounts stated in the FORM OF CONTRACTUAL OBLIGATION set forth in this Ordinance. The contractual obligation shall bear interest on the unpaid balance of the principal amount thereof from the date of delivery to the scheduled due date or date of redemption prior to the scheduled due date, of the principal installments of the contractual obligation at the rate of interest stated in the FORM OF CONTRACTUAL OBLIGATION set forth in this Ordinance. Said interest shall be payable in the manner provided and on the dates stated in the FORM OF CONTRACTUAL OBLIGATION set forth in this Ordinance.

The term "Contractual Obligation" as used in this Ordinance shall mean and include collectively the contractual obligation initially issued and delivered pursuant to this Ordinance and any substitute contractual obligation exchanged therefor, as well as any other substitute or replacement contractual obligation issued pursuant hereto, and the term "Contractual Obligation" shall mean any such contractual obligation.

Section 3. CHARACTERISTICS OF THE CONTRACTUAL OBLIGATION.

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

(b) Transfer and Exchange. Except as provided in Section 3(f) of this Ordinance, an authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Contractual Obligation, date and manually sign said Contractual Obligation, and no such Contractual Obligation shall be deemed to be issued or outstanding unless such Contractual Obligation is so executed. The Paying Agent/Registrar promptly shall cancel any Contractual Obligation surrendered for exchange. No additional ordinances, orders, or resolutions need be passed or adopted by the governing body of the Issuer or any other body or person so as to accomplish the foregoing transfer and exchange of any Contractual Obligation, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of a substitute Contractual Obligation in the manner prescribed herein. Pursuant to Chapter 1201, Government Code, as amended, the duty of transfer of a Contractual Obligation as aforesaid is hereby imposed upon the Paying Agent/Registrar, and,

upon the execution of said Contractual Obligation, the exchanged Contractual Obligation shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Contractual Obligation that initially was issued and delivered pursuant to this Ordinance, approved by the Attorney General and registered by the Comptroller of Public Accounts.

(c) Payment of Contractual Obligation and Interest. The Issuer hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Contractual Obligation, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper records of all payments made by the Issuer and the Paying Agent/Registrar with respect to the Contractual Obligation, shall properly and accurately record all payments on the Contractual Obligation on the Registration Books, and shall keep proper records of all exchanges of Contractual Obligations, and all replacements of Contractual Obligations, as provided in this Ordinance. However, in the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the Issuer. Notice of the past due interest shall be sent at least 5 business days prior to the Special Record Date by United States mail, first-class postage prepaid, to the address of the Registered Owner appearing on the Registration Books at the close of business on the last business day next preceding the date of mailing of such notice.

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

(e) Paying Agent/Registrar. The Issuer covenants with the Registered Owner of the Contractual Obligation that at all times while the Contractual Obligation is outstanding the Issuer will provide a competent and legally qualified bank, trust company, financial institution, or other entity to act as and perform the services of Paying Agent/Registrar for the Contractual Obligation under this Ordinance, and that the Paying Agent/Registrar will be one entity. The Issuer reserves the right to, and may, at its option, change the Paying Agent/Registrar upon not less than 20 days written notice to the Paying Agent/Registrar, to be effective not later than 15 days prior to the next principal or interest payment date after such notice. In the event that the entity at any time acting as Paying Agent/Registrar (or its successor by merger, acquisition, or other method) should resign or otherwise cease to act as such, the Issuer covenants that promptly it will appoint a competent and legally qualified bank, trust company, financial institution, or other agency to act as Paying Agent/Registrar under this Ordinance. Upon any change in the Paying Agent/Registrar, the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof), along with all other pertinent books and records relating to the Contractual Obligation, to the new Paying Agent/Registrar

designated and appointed by the Issuer. Upon any change in the Paying Agent/Registrar, the Issuer promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to the Registered Owner of the Contractual Obligation, by United States mail, first-class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar. By accepting the position and performing as such, each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance, and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar.

(f) Authentication. Except as provided below, no Contractual Obligation shall be valid or obligatory for any purpose or be entitled to any security or benefit of this Ordinance unless and until there appears thereon the Certificate of Paying Agent/Registrar substantially in the form provided in this Ordinance, duly authenticated by manual execution of the Paying Agent/Registrar. It shall not be required that the same authorized representative of the Paying Agent/Registrar sign the Certificate of Paying Agent/Registrar on the Contractual Obligation. In lieu of the executed Certificate of Paying Agent/Registrar described above, the Initial Contractual Obligation delivered on the closing date shall have attached thereto the Comptroller's Registration Certificate substantially in the form provided in this Ordinance, manually executed by the Comptroller of Public Accounts of the State of Texas or by his duly authorized agent, which certificate shall be evidence that the Initial Contractual Obligation has been duly approved by the Attorney General of the State of Texas and that it is a valid and binding obligation of the Issuer, and has been registered by the Comptroller.

(g) Delivery of Initial Contractual Obligation. On the closing date, one initial Contractual Obligation representing the entire principal amount of the Contractual Obligation, payable in stated installments to the Purchaser designated in Section 10 or its designee, executed by manual or facsimile signature of the Mayor and City Secretary of the Issuer, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, and with the date of delivery inserted thereon by the Paying Agent/Registrar, will be delivered to such Purchaser or its designee.

Section 4. FORM OF CONTRACTUAL OBLIGATION. The form of the Contractual Obligation, including the form of Paying Agent/Registrar's Authentication Certificate, the form of Assignment and the form of Registration Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Contractual Obligation initially issued and delivered pursuant to this Ordinance, shall be, respectively, substantially as set forth in Exhibit A, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance.

Section 5. INTEREST AND SINKING FUND.

(a) A special "Interest and Sinking Fund" is hereby created and shall be established and maintained by the Issuer as a separate fund or account and the funds therein shall be deposited into and held in an account at an official depository bank of said Issuer. Said Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of said Issuer, and shall be used only for paying the interest on and principal of said Contractual Obligation. All ad valorem taxes levied and collected for and on account of said Contractual Obligation shall be deposited, as collected, to the credit of said Interest and Sinking Fund. During each year while any of said Contractual Obligation is outstanding and unpaid, the governing body of said Issuer shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to pay the interest on said Contractual Obligation as such interest comes due, and to provide and maintain a sinking fund adequate to pay the principal of said Contractual Obligation as such principal matures (but never less than 2% of the original amount of said Contractual Obligation as a sinking fund each year); and said tax shall be based on the latest approved tax rolls of said Issuer, with full allowances being made for tax delinquencies and the cost of tax collection. Said rate and amount of ad valorem tax is

hereby levied, and is hereby ordered to be levied, against all taxable property in said Issuer, for each year while said Contractual Obligation is outstanding and unpaid, and said tax shall be assessed and collected each such year and deposited to the credit of the aforesaid Interest and Sinking Fund. Said ad valorem taxes sufficient to provide for the payment of the interest on and principal of said Contractual Obligation, as such interest comes due and such principal matures, are hereby pledged for such payment, within the limit prescribed by law. If lawfully available moneys of the Issuer are actually on deposit in the Interest and Sinking Fund in advance of the time when ad valorem taxes are scheduled to be levied for any year, then the amount of taxes that otherwise would have been required to be levied pursuant to this Section may be reduced to the extent and by the amount of the lawfully available funds then on deposit in the Interest and Sinking Fund.

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

Section 6. DEFEASANCE OF CONTRACTUAL OBLIGATION.

(a) Any Contractual Obligation and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Contractual Obligation") within the meaning of this Ordinance, except to the extent provided in subsection (d) of this Section, when payment of the principal of such Contractual Obligation, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money to provide for such payment, and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until the Defeased Contractual Obligation shall have become due and payable. At such time as a Contractual Obligation shall be deemed to be a Defeased Contractual Obligation hereunder, as aforesaid, such Contractual Obligation and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein levied and pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities. Notwithstanding any other provision of this Ordinance to the contrary, it is hereby provided that any determination not to redeem a Defeased Contractual Obligation that is made in conjunction with the payment arrangements specified in subsection 6(a)(i) or (ii) shall not be irrevocable, provided that: (1) in the proceedings providing for such payment arrangements, the Issuer expressly reserves the right to call the Defeased Contractual Obligation for redemption; (2) gives notice of the reservation of that right to the Registered Owner of the Defeased Contractual Obligation immediately following the making of the payment arrangements; and (3) directs that notice of the reservation be included in any redemption notices that it authorizes.

(b) Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities, maturing in the amounts and times as hereinbefore set forth, and

all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Contractual Obligation and interest thereon, with respect to which such money has been so deposited, shall be turned over to the Issuer, or deposited as directed in writing by the Issuer. Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of a Defeased Contractual Obligation may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 6(a)(i) or (ii). All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Contractual Obligation, with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer.

(c) The term "Defeasance Securities" means any securities and obligations now or hereafter authorized by State law that are eligible to refund, retire or otherwise discharge obligations such as the Contractual Obligation.

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

Section 7. DAMAGED, MUTILATED, LOST, STOLEN, OR DESTROYED Contractual Obligation.

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

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

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

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

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

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

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

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

Section 9. COVENANTS REGARDING TAX EXEMPTION OF INTEREST ON THE CONTRACTUAL OBLIGATION.

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

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

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

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

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

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

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

(A) proceeds of the Contractual Obligation invested for a reasonable temporary period of 3 years or less or, in the case of an advance refunding bond, for a period of 30 days or less until such proceeds are needed for the purpose for which the Contractual Obligation is issued,

(B) amounts invested in a bona fide debt service fund, within the meaning of section 1.148-1(b) of the Treasury Regulations, and

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

(7) to otherwise restrict the use of the proceeds of the Contractual Obligation or amounts treated as proceeds of the Contractual Obligation, as may be necessary, so that the Contractual Obligation does not otherwise contravene the requirements of section 148 of the Code (relating to arbitrage) and, to the extent applicable, section 149(d) of the Code (relating to advance refundings);

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Contractual Obligation) an amount that is at least equal to 90

percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Contractual Obligation has been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code; and

(9) to assure that the proceeds of the Contractual Obligation will be used solely for new money projects.

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

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

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

(e) Disposition of Project. The Issuer covenants that the property constituting the Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless any action taken in connection with such disposition will not adversely affect the tax-exempt status of the Obligation. For purpose of the foregoing, the Issuer may rely on an opinion of nationally-recognized bond counsel that the action taken in connection with such sale or other disposition will not

adversely affect the tax-exempt status of the Obligation. For purposes of the foregoing, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 10. SALE OF CONTRACTUAL OBLIGATION. The Contractual Obligation is hereby initially sold and shall be delivered to Compass Mortgage Corporation, an Alabama Corporation (the "Purchaser"), Dallas, Texas, for cash for the par value thereof, pursuant to the purchase agreement dated the date of the final passage of this Ordinance which the Mayor is hereby authorized to execute and deliver. The Contractual Obligation shall initially be registered in the name of the Purchaser. It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable.

Section 11. FURTHER PROCEDURES. The Mayor, City Secretary, City Manager and Finance Director, and each of them, shall be and they are hereby expressly authorized, empowered and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of the Issuer a Paying Agent/Registrar Agreement with the Paying Agent/Registrar and all other instruments, whether or not herein mentioned, as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance, the Contractual Obligation and the sale of the Contractual Obligation. In case any officer whose signature shall appear on any Contractual Obligation shall cease to be such officer before the delivery of such Contractual Obligation, 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 12. NO RULE 15c2-12 UNDERTAKING. The Issuer has not made an undertaking in accordance with Rule 15c2-12 of the Securities and Exchange Commission (the "Rule"). The Issuer is not, therefore, obligated pursuant to the Rule to provide any on-going disclosure relating to the Issuer or the Contractual Obligation.

Section 13. DEFAULT AND REMEDIES.

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

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

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

(b) Remedies for Default. Upon the happening of any Event of Default, then and in every case, any registered owner or an authorized representative thereof, including, but not limited to, a trustee or trustees therefor, may proceed against the Issuer for the purpose of protecting and enforcing the rights of the registered owner under this Ordinance, by mandamus or other suit, action or special proceeding in equity or at law, in any court of competent jurisdiction, for any relief permitted by law, including the specific performance of any

covenant or agreement contained herein, or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the registered owner hereunder or any combination of such remedies.

(c) Remedies Not Exclusive.

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

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy.

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

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

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

(b) Except as provided in paragraph (a) above, the Registered Owner shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the Issuer; provided, however, that without the consent of the Registered Owner, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in the Contractual Obligation so as to:

- (1) Make any change in the maturity of the Contractual Obligation;
- (2) Reduce the rate of interest borne by the Contractual Obligation;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on the Contractual Obligation;

(4) Modify the terms of payment of principal or of interest or redemption premium on the Contractual Obligation or impose any condition with respect to such payment; or

(5) Change the requirement with respect to Registered Owner consent to such amendment.

(c) If at any time the Issuer shall desire to amend this Ordinance under this Section, the Issuer shall send by U.S. mail to the Registered Owner of the Contractual Obligation a copy of the proposed amendment.

(d) Whenever at any time within one year from the date of mailing of such notice the Issuer shall receive an instrument or instruments executed by the Registered Owner of the Contractual Obligation, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the Issuer may adopt the amendment in substantially the same form.

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

(f) Any consent given by the Registered Owner of the Contractual Obligation pursuant to the provisions of this Section shall be irrevocable for a period of 6 months from the date of the mailing of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Contractual Obligation during such period. Such consent may be revoked at any time after 6 months from the date of the mailing of said notice by the Registered Owner, or by a successor in title, by filing notice with the Issuer.

For the purposes of establishing ownership of the Contractual Obligation, the Issuer shall rely solely upon the registration of the ownership of such Contractual Obligation on the registration books kept by the Paying Agent/Registrar.

Section 15. PROJECT FUND.

(a) The Issuer hereby creates and establishes and shall maintain on the books of the Issuer a separate fund or account to be entitled the "Series 2015 Contractual Obligation Project Fund" for use by the Issuer for payment of all lawful costs associated with the Projects as provided herein, and to pay the costs of issuance of the Contractual Obligation. Upon payment of all such costs, any moneys remaining on deposit in said fund shall be transferred to the Interest and Sinking Fund. Amounts so deposited to the Interest and Sinking Fund shall be used in the manner described in Section 5 of this Ordinance. Proceeds of the Obligation, less any costs of issuance paid at delivery of the Obligation, shall be deposited into the Project Fund.

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

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

Section 16. PURCHASE OF PROPERTY. Pursuant to Section 15 of the Master Lease-Purchase Agreement dated as of September 16, 2013, between the Issuer and Oshkosh Capital (the "Lease"), the Issuer hereby exercises its option to purchase the property on October 16, 2015. The City Manager or the City Secretary is hereby authorized and directed to issue or cause to be issued notice of prepayment as required by the Lease. The prepayment amount shall be paid from funds deposited into the Project Fund.

Section 17. SEVERABILITY. If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any persons or circumstances is held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portion of this Ordinance, despite such invalidity, which remaining portions shall remain in full force and effect.

Section 18. EFFECTIVE DATE. In accordance with the provisions of Texas Government Code Section 1201.028, this Ordinance shall be effective immediately upon its adoption by the City Council.

(Execution Page Follows)

DULY PASSED AND APPROVED by the City Council of the City of White Settlement, Texas,
on the 11th day of August, 2015.

Ronald A White

Mayor, City of White Settlement, Texas

Amy Arnold Trmc

City Secretary, City of White Settlement, Texas



SCHEDULE I

Acquisition of a fire truck and related equipment.

EXHIBIT A

(a) Form of Contractual Obligation.

NO. R-	UNITED STATES OF AMERICA STATE OF TEXAS CITY OF WHITE SETTLEMENT, TEXAS PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATION SERIES 2015	PRINCIPAL AMOUNT \$710,000
--------	--	----------------------------------

<u>Interest Rate</u>	<u>Delivery Date</u>
As shown below	September 10, 2015

REGISTERED OWNER: COMPASS MORTGAGE CORPORATION

PRINCIPAL AMOUNT: SEVEN HUNDRED TEN THOUSAND DOLLARS

The City of White Settlement, in Tarrant County, Texas (the "Issuer"), being a political subdivision of the State of Texas, for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns (the "Registered Owner"), the principal amount specified above, and to pay interest thereon, from the Delivery Date set forth above, on the balance of said principal amount from time to time remaining unpaid, at the rates per annum for each principal installment as set forth in the table below, calculated on the basis of a 360-day year of twelve 30-day months. The unpaid principal of this Contractual Obligation shall mature and shall be payable in installments on the dates and in the amounts set forth in the table below:

<u>Payment Date</u>	<u>Principal Installment</u>	<u>Interest Rate</u>
February 15, 2016	45,000	3.070%
February 15, 2017	45,000	3.070%
February 15, 2018	50,000	3.070%
February 15, 2019	50,000	3.070%
February 15, 2020	50,000	3.070%
February 15, 2021	55,000	3.070%
February 15, 2022	55,000	3.070%
February 15, 2023	55,000	3.070%
February 15, 2024	55,000	3.070%
February 15, 2025	60,000	3.070%
February 15, 2026	60,000	3.070%
February 15, 2027	65,000	3.070%
February 15, 2028	65,000	3.070%

THE PRINCIPAL OF AND INTEREST ON THIS CONTRACTUAL OBLIGATION are payable in lawful money of the United States of America, without exchange or collection charges. The Issuer shall pay interest on this Contractual Obligation on February 15, 2016, and on each August 15 and February 15

thereafter to the date of maturity. The last principal installment of this Contractual Obligation shall be paid to the registered owner hereof upon presentation and surrender of this Contractual Obligation at maturity at the principal office of Compass Bank, Dallas, Texas, which is the "Paying Agent/Registrar" for this Contractual Obligation. The payment of all other principal installments of and interest on this Contractual Obligation shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Contractual Obligation (the "Contractual Obligation Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner.

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

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

THIS CONTRACTUAL OBLIGATION is dated August 11, 2015, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$710,000 for the purpose of paying all or a portion of the Issuer's contractual obligations to be incurred in connection with the acquisition or purchase of personal property, in accordance with the provisions of the Public Property Finance Act, Chapter 271, Subchapter A, Texas Local Government Code, and to pay the costs of issuance incurred in connection with the issuance of the Contractual Obligation.

ON FEBRUARY 15, 2020, OR ANY DATE THEREAFTER, the unpaid principal installments of this Contractual Obligation may be redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available and lawful source, in whole or in part, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

AT LEAST 20 DAYS PRIOR to the date fixed for any optional redemption of the Contractual Obligation or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of the Contractual Obligation at its address as it appeared on the Registration Books on the day such notice of redemption is

mailed; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of this Contractual Obligation. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Contractual Obligation or portions thereof which are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Contractual Obligation or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

UPON THE PREPAYMENT or redemption of this Contractual Obligation, the Paying Agent/Registrar, shall note in the Payment Record appearing on this Contractual Obligation the amount of such prepayment, the date said payment was made and the remaining unpaid principal balance of this Contractual Obligation and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Registration Books, and the Paying Agent/Registrar shall also record in the Registration Books and on the Payment Record all payments of principal installments on such Contractual Obligation when made on their respective due dates.

THIS CONTRACTUAL OBLIGATION IS ISSUABLE in the form of one fully-registered Contractual Obligation without coupons in the denomination of \$710,000. This Contractual Obligation may be transferred or exchanged as provided in the Contractual Obligation Ordinance, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent/Registrar upon surrender of this Contractual Obligation together with a written instrument of transfer or authorization for exchange satisfactory to the Paying Agent/Registrar and duly executed by the registered owner or his duly authorized attorney, and thereupon a new Contractual Obligation of the same maturity and in the same aggregate principal amount shall be issued by the Paying Agent/Registrar to the transferee in exchange therefor as provided in the Contractual Obligation Ordinance, and upon payment of the charges therein prescribed. The Issuer and the Paying Agent/Registrar may deem and treat the person in whose name this Contractual Obligation is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Paying Agent/Registrar shall not be required to make any such transfer or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

THIS CONTRACTUAL OBLIGATION SHALL NOT BE VALID or become obligatory for any purpose or be entitled to any security or benefit under the Contractual Obligation Ordinance until the Certificate of Authentication shall have been executed by the Paying Agent/Registrar or the Comptroller's Registration Certificate hereon shall have been executed by the Texas Comptroller of Public Accounts.

IT IS HEREBY certified, recited and covenanted that this Contractual Obligation has been duly and validly authorized, issued and delivered; that all acts, conditions and things required or proper to be performed, exist and be done precedent to or in the authorization, issuance and delivery of this Contractual Obligation have

been performed, existed and been done in accordance with law; that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Contractual Obligation, as such interest comes due and such principal matures, have been levied and ordered to be levied against all taxable property in said Issuer, and have been pledged for such payment, within the limit prescribed by law.

THE ISSUER HAS RESERVED THE RIGHT to amend the Contractual Obligation Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owner of the Contractual Obligation.

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

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

(signature)
City Secretary

(signature)
Mayor

(SEAL)

(b) Form of Paying Agent/Registrar's Authentication Certificate.

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

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

Dated: _____.

COMPASS BANK
Dallas, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

(c) Form of Assignment.

ASSIGNMENT
(Please type or print clearly)

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

Transferee's Social Security or Taxpayer Identification Number: _____

Transferee's name and address, including zip code: _____

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

Dated: _____.

Signature Guaranteed:

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

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

(d) Form of Registration Certificate of the Comptroller of Public Accounts.

COMPTROLLER'S REGISTRATION CERTIFICATE: REGISTER NO. _____

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

Witness my signature and seal this _____.

Comptroller of Public Accounts of the State of Texas

(COMPTROLLER'S SEAL)

(e) Form of Payment Record.

PAYMENT RECORD

Date of Payment	Principal Payment (amount and installment(s) to which payment is applied)	Remaining Principal Balance	Name and Title of Authorized Officer making Entry	Signature of Authorized Officer

Compass Mortgage Corporation,
an Alabama Corporation
8080 N. Central Expressway, Suite 370
Dallas, Texas 75206

August 11, 2015

City of White Settlement, Texas
214 Meadow Park
White Settlement, Texas 76108

McCall, Parkhurst & Horton L.L.P.
717 North Harwood Street, Suite 900
Dallas, Texas 75201

First Southwest Company, LLC
777 Main Street, Suite 1200
Fort Worth, Texas 76102

Re: \$710,000 City of White Settlement, Texas Public Property Finance Contractual Obligation,
Series 2015

I, the undersigned, being an authorized officer of Compass Mortgage Corporation, an Alabama corporation (the "Bank"), being a financial institution, to-wit: a bank within the definition of section 3(a)(2) of the Securities Act of 1933, engaged in the business of investing in securities such as the obligation described below (the "Contractual Obligation"), acknowledge that White Settlement, Texas (the "Issuer"), is issuing its Public Property Finance Contractual Obligation, Series 2015, in the aggregate principal amount of \$710,000 for the acquisition of a fire truck and related equipment and to pay the costs incurred in connection with the issuance of the Contractual Obligation and for paying the costs of issuance of the Contractual Obligation. The Contractual Obligation is to be issued under the authority of the general laws of the State of Texas, including V.T.C.A., Local Government Code Chapter 271, Subchapter A.

The Bank understands that the Contractual Obligation is payable from, and secured by a lien on and pledge of, the receipts of an ad valorem tax levied in sufficient amounts (within the limits prescribed by law) to provide for the payment of the interest on and principal of the Contractual Obligation, as such interest and principal come due, all as provided in the ordinance authorizing the issuance and sale of the Contractual Obligation (the "Ordinance"). In accordance with State law and the Issuer's home rule charter, the Issuer is limited to a tax rate of \$1.50 per \$100 of taxable assessed valuation, including the payment of debt service on its debt, including the Contractual Obligation. The Purchaser hereby acknowledges receipt of the Ordinance.

The Bank further understands that the Contractual Obligation will be sold for cash, will be approved by the Attorney General of the State of Texas, and will be delivered in the form of one fully-registered Contractual Obligation representing the aggregate principal amount of the Contractual Obligation, which will mature and be paid in annual principal installment payments to the registered owner thereof, as described below. The Contractual Obligation will initially be made payable to the order of the Bank, but may be assigned by the Bank in whole, but not in part, and the Bank or any assignee of the Contractual Obligation from any

prior registered owner shall be the registered owner thereof. The Contractual Obligation will be delivered in physical form, and will not be subject to a book entry system of payment, registration and transfer.

In connection with its purchase of the Contractual Obligation, the Bank agrees as follows:

- A. Delivery of the Contractual Obligation to the Bank (the "Closing") shall be made at the Bank on September 10, 2015, it being understood that this delivery date may be extended by mutual consent of the Bank and the Issuer.
- B. The first interest payment date for the Contractual Obligation shall be February 15, 2016, with interest payable on each August 15 and February 15 thereafter. The outstanding principal balance of the Contractual Obligation shall bear interest at the rate per annum set forth below.
- C. Principal of the Contractual Obligation will mature and be payable in annual installments under the terms and conditions described below. The purchase price for the Contractual Obligation shall be the principal amount thereof. Interest on the Contractual Obligation will accrue from the date of initial delivery. The outstanding principal balance of the Contractual Obligation shall mature and be paid in installments on the dates and in the amounts set forth in the table below:

<u>Payment Date</u>	<u>Principal Installment</u>	<u>Interest Rate</u>
February 15, 2016	\$ 45,000	3.070%
February 15, 2017	45,000	3.070%
February 15, 2018	50,000	3.070%
February 15, 2019	50,000	3.070%
February 15, 2020	50,000	3.070%
February 15, 2021	55,000	3.070%
February 15, 2022	55,000	3.070%
February 15, 2023	55,000	3.070%
February 15, 2024	55,000	3.070%
February 15, 2025	60,000	3.070%
February 15, 2026	60,000	3.070%
February 15, 2027	65,000	3.070%
February 15, 2028	65,000	3.070%

- D. On February 15, 2020, or any date thereafter, the unpaid principal installments of the Contractual Obligation may be redeemed in whole or in part prior to their scheduled due dates, at the option of the Issuer, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date fixed for redemption
- E. The Contractual Obligation will be fully registered as to principal and interest.
- F. The Bank shall serve as the initial paying agent and registrar for the Contractual Obligation for no charge except payment of actual expenses.

- G. In regard to its purchase of the Contractual Obligation, the Bank acknowledges that no prospectus or other offering document has been prepared; however, the Issuer has furnished the Bank with a term sheet and all information requested by the Bank to permit the Bank to make an informed decision concerning its purchase of the Contractual Obligation, and the Bank has made such inspections and investigations as it has deemed necessary to determine the investment quality of the Contractual Obligation and to assess all risk factors associated with the purchase and ownership of the Contractual Obligation. The Bank has been furnished with such financial information relating to the Issuer as it has requested for the purposes of making its assessment of an investment in the Contractual Obligation. The Bank has had a reasonable opportunity to request and review such other information as it needs from the Issuer in order to enable it to make its investment decision. The Bank is not relying on McCall, Parkhurst & Horton L.L.P., the Issuer's Bond Counsel, or First Southwest Company, LLC, the Issuer's Financial Advisor, as to the completeness or accuracy of any financial information provided to the Bank by the Issuer in connection with its determination to make an investment in the Contractual Obligation.
- H. The Contractual Obligation is being purchased by the Bank for the account of the Bank as evidence of a loan (and not on behalf of another), and the Bank has no present intention of reselling such Contractual Obligation or dividing its interest therein, either currently or after the passage of a fixed or determinable period of time or upon the occurrence or nonoccurrence of any predetermined event or circumstance; provided, however that the Bank reserves the right to sell, pledge, transfer, convey, hypothecate, participate interests in or dispose of the Contractual Obligation at some future date.
- I. The Bank acknowledges that the Contractual Obligation will not be rated. In addition, the Bank acknowledges that the Contractual Obligation will not be listed on any securities exchange. Further, no trading market now exists for the Contractual Obligation, and none may exist in the future. Accordingly, the Bank understands that it may need to bear the risks of this investment for an indefinite time, since any sale prior to the maturity for the Contractual Obligation may not be possible or may be at a price below that which the Bank is paying for the Contractual Obligation.
- J. It is understood and agreed that the Bank is buying the Contractual Obligation in a private placement by the Issuer to the Bank. The Issuer has not undertaken to make any on-going disclosures for the benefit of the registered owner of the Contractual Obligation in accordance with Rule 15c2-12 of the Securities and Exchange Commission.
- K. This agreement shall be terminated by delivery of the Contractual Obligation in the principal amount of \$710,000 to the Bank on the date of Closing, provided that the representations of the Bank in G., above, shall survive the termination hereof.
- L. In consideration for the purchase of the Contractual Obligation by the Bank, the Issuer agrees to provide the Bank with audited annual financial statements of the Issuer within one hundred eighty (180) days after each fiscal year end in each year that the Contractual Obligation is outstanding.
- M. As a condition to the purchase of the Contractual Obligation, the Bank shall receive at the Closing:

1. An opinion of Bond Counsel in substantially the form attached hereto as Exhibit A;
2. An opinion of the Attorney General of the State of Texas to the effect that the Contractual Obligation has been lawfully issued by the Issuer and is a valid and binding obligation of the Issuer under applicable laws of the State of Texas; and
3. A certified copy of the Contractual Obligation Ordinance.

(Execution page follows)

Respectfully submitted,

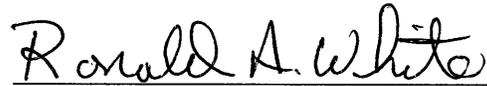
**COMPASS MORTGAGE CORPORATION,
an Alabama Corporation**

By:  _____
Title: **Debbie Leal**
Senior Vice President

ACCEPTANCE

ACCEPTED pursuant to the Ordinance adopted by the City Council of the City of White Settlement, Texas, adopted on August 11, 2015.

CITY OF WHITE SETTLEMENT, TEXAS

Handwritten signature of Ronald A. White in cursive script.

Mayor

Exhibit A

Form of Opinion of Bond Counsel

(Date)

City of White Settlement, Texas
214 Meadow Park
White Settlement, Texas 76108

Compass Mortgage Corporation, an Alabama Corporation
8080 N. Central Expressway, Suite 370
Dallas, Texas 75206

Re: \$710,000 City of White Settlement, Texas Public Property Finance Contractual Obligation,
Series 2015

As Bond Counsel for the City of White Settlement, Texas, the issuer (the "Issuer") of the obligation (the "Contractual Obligation") described above, we have examined into the legality and validity of the Contractual Obligation, which bears interest from the date of initial delivery of the Contractual Obligation, until maturity, at the rate and payable on the dates as stated in the text of the Contractual Obligation, and matures all in accordance with the terms and conditions stated in the text of the Contractual Obligation.

We have examined the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Contractual Obligation, including executed Contractual Obligation Number R-1.

Based on said examination, it is our opinion that the Contractual Obligation has been duly authorized, issued and delivered in accordance with law; and that, except as may be limited by laws applicable to the Issuer relating to principles of governmental immunity, bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Contractual Obligation will constitute a valid and legally binding obligation of the Issuer, and that a continuing ad valorem tax of the Issuer sufficient to provide for the payment of the interest on and principal of the Contractual Obligation has been levied and pledged for such purpose, within the limits prescribed by law, as provided in the ordinance authorizing the issuance of the Contractual Obligation (the "Ordinance").

It is further our opinion, except as discussed below, that the interest on the Contractual Obligation is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Contractual Obligation is not a "specified private activity bond" and that, accordingly, interest on the Contractual Obligation will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Contractual Obligation.

In expressing the aforementioned opinions, we have relied on and assume continuing compliance with, certain representations contained in the federal tax certificate of the Issuer and covenants set forth in the Ordinance, relating to, among other matters, the use of the project being refinanced and the investment and expenditure of the proceeds and certain other amounts used to pay or to secure the payment of debt service on the Contractual Obligation, the accuracy of which we have not independently verified. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Contractual Obligation may become includable in gross income retroactively to the date of issuance of the Contractual Obligation.

We call your attention to the fact that the interest on tax-exempt obligations, such as the Contractual Obligation, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Contractual Obligation.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Contractual Obligation. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Contractual Obligation as includable in gross income for federal income tax purposes.

Our sole engagement in connection with the issuance of the Contractual Obligation is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Contractual Obligation under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Contractual Obligation for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure, if any, thereof in connection with the sale of the Contractual Obligation, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Contractual Obligation and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the Issuer.

Respectfully,

PAYING AGENT/REGISTRAR AGREEMENT

THIS AGREEMENT entered into as of August 11, 2015 (this "Agreement"), by and between the City of White Settlement, Texas (the "Issuer"), and Compass Bank, an Alabama banking corporation authorized to do business in the State of Texas (the "Bank").

RECITALS

WHEREAS, the Issuer has duly authorized and provided for the issuance of its Public Property Finance Contractual Obligation, Series 2015 (the "Security") in the aggregate principal amount of \$710,000, such Security to be issued in fully registered form only as to the payment of principal and interest thereon; and

WHEREAS, the Security is scheduled to be delivered to the initial purchaser thereof on or about September 10, 2015; and

WHEREAS, the Issuer has selected the Bank to serve as Paying Agent/Registrar in connection with the payment of the principal of, premium, if any, and interest on said Security and with respect to the registration, transfer and exchange thereof by the registered owners thereof; and

WHEREAS, the Bank has agreed to serve in such capacities for and on behalf of the Issuer and has full power and authority to perform and serve as Paying Agent/Registrar for the Security;

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE ONE

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01. Appointment.

The Issuer hereby appoints the Bank to serve as Paying Agent with respect to the Security. As Paying Agent for the Security, the Bank shall be responsible for paying on behalf of the Issuer the principal, premium (if any), and interest on the Security as the same become due and payable to the registered owners thereof, all in accordance with this Agreement and the "Ordinance" (hereinafter defined).

The Issuer hereby appoints the Bank as Registrar with respect to the Security. As Registrar for the Security, the Bank shall keep and maintain for and on behalf of the Issuer books and records as to the ownership of said Security and with respect to the transfer and exchange thereof as provided herein and in the Ordinance.

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

Section 1.02. Compensation.

In consideration of the sale of the Security to the Bank by the Issuer, no compensation will be owing to the Bank for its services hereunder. 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:

"Bank Office" means the principal corporate trust office of the Bank as indicated in Section 6.03 hereof. 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, ending September 30.

"Holder" and "Security Holder" each means the 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, City Manager, Finance Director, or other authorized officer of the Issuer, any one or more of said officials, delivered to the Bank.

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

"Ordinance" means the order, ordinance or resolution of the governing body of the Issuer pursuant to which the Security is issued, certified by the President, Secretary or any other officer of the Issuer.

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

"Security Register" means a register maintained by the Bank on behalf of the Issuer providing for the registration and transfer of the Security.

"Stated Maturity" means the date specified in the Ordinance when 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 recital paragraphs of this Agreement.

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

ARTICLE THREE

PAYING AGENT

Section 3.01. Duties of Paying Agent.

As Paying Agent, the Bank shall, 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 each Security at its Stated Maturity or Redemption Date, to the Holder upon surrender of the Security to the Bank at the Bank Office.

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 the Security when due, by computing the amount of interest to be paid each Holder and preparing and sending checks by United States Mail, first class postage prepaid, on each payment date, to the Holder of the Security (or its Predecessor Security) on the respective Record Date, to the address appearing on the Security Register or by such other method, acceptable to the Bank, requested in writing by the Holder at the Holder's risk and expense.

Section 3.02. Payment Dates.

The Issuer hereby instructs the Bank to pay the principal of and interest on the Security on the dates specified in the Ordinance.

ARTICLE FOUR

REGISTRAR

Section 4.01. Security Register - Transfers and Exchanges.

The Bank agrees to keep and maintain for and on behalf of the Issuer at the Bank Office books and records (herein sometimes referred to as the "Security Register") and, if the Bank Office is located outside the State of Texas, a copy of such books and records shall be kept in the State of Texas, for recording the name and address of the Holder of the Security, the transfer, exchange and replacement of the Security and the payment of the principal of and interest on the Security to the Holder and containing such other information as may be reasonably required by the Issuer and subject to such reasonable regulations as the Issuer and the Bank may prescribe. All transfers, exchanges and replacement of the Security shall be noted in the Security Register.

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

The Bank may request any supporting documentation it feels necessary to effect a re-registration, transfer or exchange of the Security.

To the extent possible and under reasonable circumstances, the Bank agrees that, in relation to an exchange or transfer of the Security, the exchange or transfer by the Holder thereof will be completed and a new Security delivered to the Holder or the assignee of the Holder in not more than three (3) business days after the receipt of the Security to be canceled in an exchange or transfer and the written instrument of transfer or request for exchange duly executed by the Holder, or his duly authorized agent, in form and manner satisfactory to the Paying Agent/Registrar.

Section 4.02. Securities.

At any time when the Security is not subject to a book-entry-only system of registration and transfer, the Issuer shall provide an adequate inventory of printed Securities to facilitate transfers or exchanges thereof. The Bank covenants that the inventory of printed Securities will be kept in safekeeping pending their use, and reasonable care will be exercised by the Bank in maintaining such Securities in safekeeping, which shall be not less than the care maintained by the Bank for debt securities of other political subdivisions or corporations for which it serves as registrar, or that is maintained for its own securities.

Section 4.03. Form of Security Register.

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

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

Section 4.04. List of Security Holder.

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

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

Section 4.05. Cancellation of Securities.

The Bank will, at such reasonable intervals as it determines, surrender to the Issuer, Securities in lieu of which or in exchange for which other Securities have been issued, or which have been paid.

Section 4.06. Mutilated, Destroyed, Lost or Stolen Security.

The Issuer hereby instructs the Bank, subject to the applicable provisions of the Ordinance, to deliver and issue a Security in exchange for or in lieu of a mutilated, destroyed, lost, or stolen Security as long as the same does not result in an overissuance.

In case any Security shall be mutilated, or destroyed, lost or stolen, the Bank, in its discretion, may execute and deliver a replacement Security of like form and tenor, and in the same denomination and bearing a number not contemporaneously outstanding, in exchange and substitution for such mutilated Security, or in lieu of and in substitution for such destroyed lost or stolen Security, only after (I) the filing by the Holder thereof with the Bank of evidence satisfactory to the Bank of the destruction, loss or theft of such Security, and of the authenticity of the ownership thereof and (ii) the furnishing to the Bank of indemnification in an amount satisfactory to hold the Issuer and the Bank harmless. All expenses and charges associated with such indemnity and with the preparation, execution and delivery of a replacement Security shall be borne by the Holder of the Security mutilated, or destroyed, lost or stolen.

Section 4.07. Transaction Information to Issuer.

The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to any portion of the Security it has paid pursuant to Section 3.01, Securities it has delivered upon the transfer or exchange of any Security pursuant to Section 4.01, and Securities it has delivered in exchange for or in lieu of mutilated, destroyed, lost, or stolen Security pursuant to Section 4.06.

Section 4.08 Reporting Requirements.

To the extent required by the Internal Revenue Code of 1986, as amended, and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto, the Bank shall report or assure that a report is made to the Holder and the Internal Revenue Service the amount of interest paid or the amount treated as interest accrued on the Security which is required to be reported by a Holder on its returns of federal income tax.

ARTICLE FIVE

THE BANK

Section 5.01. Duties of Bank.

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

The Bank is authorized to transfer funds relating to the closing and initial delivery of the Security 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 transmission of the closing memorandum to be followed by an original of the closing memorandum signed by the financial advisor or the Issuer.

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 Security, but is protected in acting upon receipt of a Security 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 with respect to the Issuer and in the Security 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 of any Security, or any other Person for any amount due on any Security from its own funds.

Section 5.04. May Hold the Security.

The Bank, in its individual or any other capacity, may become the owner or pledgee of the Security and may otherwise deal with the Issuer with the same rights it would have if it were not the Paying Agent/Registrar, or any other agent.

Section 5.05. Moneys Held by Bank.

The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a fiduciary capacity for the payment of the Security, with such moneys in the account that exceed the deposit insurance available to the Issuer by the Federal Deposit Insurance Corporation, to be fully collateralized with

securities or obligations that are eligible under the laws of the State of Texas to secure and be pledged as collateral for trust accounts until the principal and interest on a Security has been presented for payment and paid to the owner thereof. Payments made from such trust account shall be made by check drawn on such trust account unless the owner of such Security shall, at its own expense and risk, request such other medium of payment.

Subject to the Unclaimed Property Law of the State of Texas, 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 the final maturity of the Security has become due and payable will be paid by the Bank to the Issuer if the Issuer so elects, and the Holder of such Security shall hereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease. If the Issuer does not elect, the Bank is directed to report and dispose of the funds in compliance with Title Six of the Texas Property Code, as amended.

Section 5.06. Indemnification.

To the extent permitted by law, the Issuer agrees to indemnify the Bank for, and hold it harmless against, any loss, liability, or expense incurred without negligence or bad faith on its part, arising out of or in connection with its acceptance or administration of its duties hereunder, including the cost and expense against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07. Interpleader.

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

ARTICLE SIX

MISCELLANEOUS PROVISIONS

Section 6.01. Amendment.

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

Section 6.02. Assignment.

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

Section 6.03. Notices.

Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses set forth below:

Issuer

City of White Settlement, Texas
214 Meadow Park
White Settlement, Texas 76108

Paying Agent/Registrar

Compass Bank
8080 N. Central Expressway, #370
Dallas, Texas 75206

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.

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

Any corporation or association into which the Bank may be converted or merged, or with which it may be consolidated, or to which it may sell, lease, or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation, or transfer to which it is a party, ipso facto, shall be and become successor Paying Agent/Registrar hereunder and vested with all of the powers, rights, obligations, duties, remedies, discretions, immunities, privileges, and all other matters as was its predecessor, without the execution or filing of any instruments or any further act, deed, or conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 6.06. Severability.

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

Section 6.07. 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 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 (I) on the date of final payment of the principal of and interest on the Security to the Holder thereof or (ii) may be earlier terminated by either party upon sixty (60) days written notice; provided, however, an early termination of this Agreement by either party shall not be effective until (a) a successor Paying Agent/Registrar has been appointed by the Issuer and such appointment accepted and (b) notice has been given to the Holder of the Security of the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and Issuer mutually agree that the effective date of an early termination of this Agreement shall not occur at any time which would disrupt, delay or otherwise adversely affect the payment of the Security.

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 Security, 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.

(Execution Page Follows)

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

COMPASS BANK

By: 
Title: **Debbie Leal**
Senior Vice President

CITY OF WHITE SETTLEMENT, TEXAS

By: _____
Mayor

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

COMPASS BANK

By: _____

Title: _____

CITY OF WHITE SETTLEMENT, TEXAS

By: Ronald A. White
Mayor

GENERAL AND NO-LITIGATION CERTIFICATE

We, the undersigned, Mayor and City Secretary of the City of White Settlement, Texas (the "City"), hereby certify the following information:

I. General

1.1 This certificate relates to the City of White Settlement, Texas Public Property Finance Contractual Obligation, Series 2015, in the aggregate principal amount of \$710,000 (the "Obligation"). Capitalized terms shall have the meanings assigned to such terms in the ordinance authorizing the issuance of the Obligation.

1.2 The City is a duly incorporated Home Rule City, having more than 5,000 inhabitants, operating under the Constitution and laws of the State of Texas and the duly adopted Home Rule Charter of the City. The Charter has not been amended since the date of approval by the Attorney General of the State of Texas of the most recently issued series of outstanding obligations of the City.

1.3 As of the date hereof, the members of the City Council and certain other officers of the City are as follows:

Ronald A. White, Mayor
Steve Ott, Mayor Pro Tem
Paul Moore, Council Member
Elzie Clements, Council Member
Mike Arnold, Sr., Council Member
Danny Anderson, Council Member

Jim Ryan, City Manager
Philip Bray, Director of Finance
Amy Arnold, TRMC, City Secretary

1.4 The total principal amount of the presently outstanding general obligation indebtedness of the City, excluding the Obligation, is \$24,955,000.

1.5 The currently effective ad valorem tax appraisal roll of said City (the "Tax Roll") is the Tax Roll prepared and approved during the tax year 2015, being the most recently approved Tax Roll of said City; that the taxable property in said City has been appraised, assessed, and valued as required and provided by the Texas Constitution and Property Tax Code (collectively, "Texas law"); that the Tax Roll for said year has been submitted to the City Council of said City as required by Texas law, and has been approved and recorded by said City Council; and according to the Tax Roll for said year the net aggregate taxable value of taxable property in said City (after deducting the amount of all applicable exemptions required or authorized under Texas law), upon which the annual ad valorem tax of said City has been or will be imposed and levied, is \$599,863,784.

1.6 The debt service requirements of the City's outstanding debt secured by a pledge of ad valorem taxes, including the Obligation, are set forth on Exhibit A attached hereto.

1.7 The City is not in default in the payment of principal or interest on any of its outstanding obligations; and neither the corporate existence nor boundaries of the City nor the title of its present officers

to their respective offices is being contested, and no authority or proceedings for the issuance of the Obligation have been repealed, revoked, or rescinded.

II. Signature Identification and No-Litigation

2.1 The undersigned Mayor and City Secretary officially executed and signed the Obligation, by manual signature or by causing facsimiles of our manual signatures to be imprinted or lithographed on the Obligation, and we hereby adopt said facsimile signatures as our own, respectively, and declare that said facsimile signatures constitute our signatures the same as if we had manually signed the Obligation; at the time we so executed and signed the Obligation we were, and at the time of executing this certificate we are, the duly chosen, qualified, and acting officers indicated therein and authorized to execute the same; and we have caused the official seal of the City to be impressed, printed, lithographed, stamped or otherwise placed on the Obligation, and said seal on the Obligation has been duly adopted as, and is hereby declared to be, the official seal of the City.

2.2 The Obligation is substantially in the form, and has been duly executed and signed in the manner prescribed in the ordinance authorizing the issuance of the Obligation.

2.3 No litigation is pending or, to our knowledge, threatened in any court to restrain or enjoin the issuance or delivery of the Obligation, the levy or the collection of the ad valorem taxes pledged or to be pledged to pay the principal of and interest on the Obligation, or the pledge thereof, or in any way contesting or affecting the validity of the Obligation, the ordinance authorizing the issuance of the Obligation, the powers of the City or contesting the authorization of the Obligation or such ordinance.

(Execution Page Follows)

EXECUTED AND DELIVERED ON September 10, 2015

Manual Signatures

Official Titles

Ronald A. White

Mayor, City of White Settlement, Texas

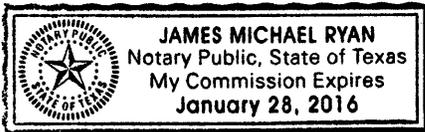
Amy Arnold, TRMC

City Secretary, City of White Settlement, Texas

ACKNOWLEDGMENT

BEFORE ME, the undersigned authority, on this day personally appeared the foregoing individuals, known to me to be the persons and officers whose true and genuine signatures were subscribed to the foregoing instrument in my presence.

GIVEN UNDER MY HAND AND SEAL OF OFFICE, this 12 day of August, 2015.



[Signature]
Notary Public, State of Texas

[NOTARY SEAL]

EXHIBIT A

SCHEDULE OF DEBT SERVICE REQUIREMENTS

Fiscal Year Ended 9/30	Outstanding Debt Service			The PFCOs			Total Outstanding Debt Service
	Principal	Interest	Total	Principal	Interest	Total	
2015	\$ 915,000	\$ 541,387	\$ 1,456,387	\$ -	\$ -	\$ -	\$ 1,456,387
2016	1,140,000	1,001,891	2,141,891	45,000	19,593	64,593	2,206,483
2017	1,215,000	935,150	2,150,150	45,000	19,725	64,725	2,214,875
2018	1,250,000	899,988	2,149,988	50,000	18,267	68,267	2,218,254
2019	1,295,000	861,000	2,156,000	50,000	16,732	66,732	2,222,732
2020	1,335,000	818,275	2,153,275	50,000	15,197	65,197	2,218,472
2021	1,380,000	771,850	2,151,850	55,000	13,585	68,585	2,220,435
2022	1,220,000	725,325	1,945,325	55,000	11,896	66,896	2,012,221
2023	1,270,000	679,650	1,949,650	55,000	10,208	65,208	2,014,858
2024	1,315,000	631,156	1,946,156	55,000	8,519	63,519	2,009,676
2025	1,365,000	580,300	1,945,300	60,000	6,754	66,754	2,012,054
2026	1,405,000	526,488	1,931,488	60,000	4,912	64,912	1,996,400
2027	1,460,000	468,894	1,928,894	65,000	2,993	67,993	1,996,887
2028	1,525,000	407,538	1,932,538	65,000	998	65,998	1,998,535
2029	1,655,000	341,063	1,996,063	-	-	-	1,996,063
2030	900,000	283,750	1,183,750	-	-	-	1,183,750
2031	945,000	237,625	1,182,625	-	-	-	1,182,625
2032	990,000	189,250	1,179,250	-	-	-	1,179,250
2033	1,040,000	138,500	1,178,500	-	-	-	1,178,500
2034	1,100,000	85,000	1,185,000	-	-	-	1,185,000
2035	1,150,000	28,750	1,178,750	-	-	-	1,178,750
	<u>\$ 25,870,000</u>	<u>\$ 11,152,828</u>	<u>\$ 37,022,828</u>	<u>\$ 710,000</u>	<u>\$ 149,377</u>	<u>\$ 859,377</u>	<u>\$ 37,882,204</u>

500



KEN PAXTON
ATTORNEY GENERAL OF TEXAS

September 4, 2015

THIS IS TO CERTIFY that the City of White Settlement, Texas (the "Issuer"), has submitted the City of White Settlement, Texas Public Property Finance Contractual Obligation, Series 2015 (the "Contractual Obligation"), in the principal amount of \$710,000, for approval. The Contractual Obligation is dated August 11, 2015, numbered R-1, and was authorized by Ordinance No. 2015-2505 of the Issuer passed on August 11, 2015 (the "Ordinance").

The Office of the Attorney General has examined the law and such certified proceedings and other papers as we deem necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer contained in the certified proceedings and other certifications of public officials furnished to us without undertaking to verify the same by independent investigation.

We express no opinion relating to any official statement or any other offering material relating to the Contractual Obligation.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

- (1) The Contractual Obligation has been issued in accordance with law and is a valid and binding obligation of the Issuer.
- (2) The Contractual Obligation is payable from the proceeds of ad valorem taxes levied, against all taxable property in the Issuer, within the limit prescribed by law.

Therefore, the Contractual Obligation.


Attorney General of the State of Texas

No. 59427
Book No. 2015-C
JCH
* See attached Signature Authorization

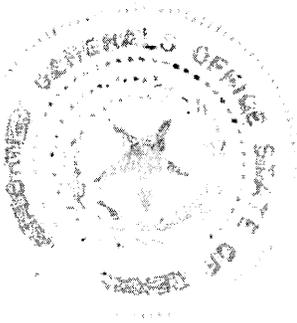
OFFICE OF THE ATTORNEY GENERAL
OF THE STATE OF TEXAS

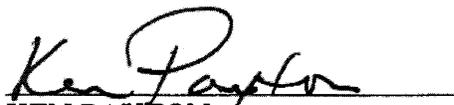
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I, KEN PAXTON, Attorney General for the State of Texas, do hereby authorize the employees of the Public Finance Division of the Office of the Attorney General to affix a digital image of my signature, in my capacity as Attorney General, to the opinions issued by this office approving the issuance of public securities by the various public agencies, non-profit corporations, district, entities, bodies politic or corporate, or political subdivisions of this State as required by law, the opinions approving those contracts designated by the Legislature as requiring the approval of the Attorney General, and the obligations, proceedings and credit agreements required by law to be approved by the Attorney General. The authorized digital image of my signature is attached as Exhibit A and is hereby adopted as my own for the purposes set forth herein. This supersedes any prior signature authorizations for the same purpose.

The authority granted herein is to be exercised on those occasions when I am unavailable to personally sign said opinions, and upon the condition that the opinions to which the digital image signature is affixed have been approved by an authorized Assistant Attorney General following the completion of the Public Finance Division's review of the transcripts of proceedings to which the opinions relate.

Given under my hand and seal of office at Austin, Texas, this the 5th day of January, 2015.




KEN PAXTON
Attorney General of the State of Texas

OFFICE OF COMPTROLLER

OF THE STATE OF TEXAS

I, GLENN HEGAR, Comptroller of Public Accounts of the State of Texas, do hereby certify that the attachment is a true and correct copy of the opinion of the Attorney General approving the:

City of White Settlement, Texas Public Property Finance Contractual Obligation, Series 2015

numbered R-1, of the denomination of \$ 710,000, dated August 11, 2015, as authorized by issuer, interest 3.07 percent, under and by authority of which said bonds/certificates were registered electronically in the office of the Comptroller, on the 4th day of September 2015, under Registration Number 85789.

Given under my hand and seal of office, at Austin, Texas, the 4th day of September 2015.

A handwritten signature in black ink, appearing to read 'Glenn Hegar', written in a cursive style.

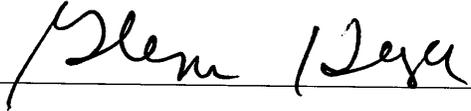
GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

OFFICE OF COMPTROLLER
OF THE STATE OF TEXAS

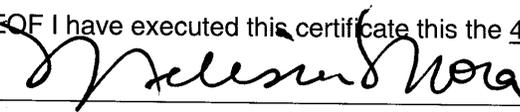
I, Melissa Mora, Bond Clerk Assistant Bond Clerk in the office of the Comptroller of the State of Texas, do hereby certify that, acting under the direction and authority of the Comptroller on the 4th day of September 2015, I signed the name of the Comptroller to the certificate of registration endorsed upon the:

City of White Settlement, Texas Public Property Finance Contractual Obligation, Series 2015,

numbered R-1, dated August 11, 2015, and that in signing the certificate of registration I used the following signature:



IN WITNESS WHEREOF I have executed this certificate this the 4th day of September 2015.



I, Glenn Hegar, Comptroller of Public Accounts of the State of Texas, certify that the person who has signed the above certificate was duly designated and appointed by me under authority vested in me by Chapter 403, Subchapter H, Government Code, with authority to sign my name to all certificates of registration, and/or cancellation of bonds required by law to be registered and/or cancelled by me, and was acting as such on the date first mentioned in this certificate, and that the bonds/certificates described in this certificate have been duly registered in the office of the Comptroller, under Registration Number 85789.

GIVEN under my hand and seal of office at Austin, Texas, this the 4th day of September 2015.



GLENN HEGAR
Comptroller of Public Accounts
of the State of Texas

FEDERAL TAX CERTIFICATE

1. In General.

1.1. The undersigned is the City Manager of the City of White Settlement, Texas (the "Issuer").

1.2. This Certificate is executed for the purpose of establishing the reasonable expectations of the Issuer as to future events regarding the Issuer's Public Property Finance Contractual Obligation, Series 2015 (the "Obligation"). The Obligation is being issued pursuant to an Ordinance of the Issuer, duly adopted by the Issuer (the "Ordinance"). The Ordinance is incorporated herein by reference.

1.3. To the best of the undersigned's knowledge, information and belief, the expectations contained in this Federal Tax Certificate are reasonable.

1.4. The undersigned is an officer of the Issuer delegated with the responsibility, among others, of issuing and delivering the Obligation.

1.5. The undersigned is not aware of any facts or circumstances that would cause him to question the accuracy of the representations made by Compass Mortgage Corporation (the "Purchaser") in the Issue Price Certificate attached hereto as Exhibit "D", and by First Southwest Company, LLC (the "Financial Advisor") with respect to the Schedules attached hereto as Exhibit "E."

2. The Purpose of the Obligation and Useful Lives of Projects.

2.1. The purpose for the issuance of the Obligation, as more fully described in the Ordinance, is to currently refund the Issuer's Master Lease-Purchase Agreement Dated as of September 16, 2013 (the "Outstanding Lease") and to pay the related expenses of issuing the Obligation. The proceeds of the Obligation will be expended for such purpose within 90 days of the date hereof.

2.2. The proceeds of the Outstanding Lease were used to provide for the to pay all or a portion of the Issuer's contractual obligations to be incurred in connection with the acquisition or purchase of various equipment needed for the Issuer's capital plan of maintenance (the "Outstanding Projects"). The Issuer allocated the costs of the Outstanding Project to "capital expenditures". For this purpose, "capital expenditure" means any cost that is properly chargeable to capital account (or would be so chargeable with a proper election) under general federal income tax principles. The Outstanding Projects remain in service and have not been sold or otherwise disposed of by the Issuer.

2.3. The Issuer expects that 120 percent of the aggregate useful lives of the Outstanding Projects, on the later of the date that such Outstanding Projects were placed in service or the date of issuance of the Outstanding Lease, will exceed 7 years.

2.4. Other than members of the general public, the Issuer expects that throughout the lesser of the term of the Obligation, or the useful lives of the Outstanding Projects, the only user of the Outstanding Projects will be the Issuer or the Issuer's employees and agents. The Issuer will be the manager of the Outstanding Projects. In no event have the proceeds of the Outstanding Lease or facilities financed therewith be used for private business use in an amount greater than \$15 million.

2.5. Except as stated below, the Issuer expects not to sell or otherwise dispose of property constituting the Outstanding Projects prior to the earlier of the end of such property's useful life or the final maturity of the Obligation. The Ordinance provides that the Issuer will not sell or otherwise dispose

of the Outstanding Projects unless the Issuer receives an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Obligation.

2.6. For purposes of Subsection 2.5 hereof, the Issuer has not included the portion of the Outstanding Projects comprised of personal property that is disposed in the ordinary course at a price that is expected to be less than 25 percent of the original purchase price. The Issuer, upon any disposition of such property, will transfer the receipts from the disposition of such property to the general operating fund and expend such receipts within six months for other governmental programs.

3. Yield.

3.1. The issue price of the Obligation included in the Form 8038 G, is based on the Issue Price Certificate attached hereto.

3.3. The Issuer has not entered into any qualified guarantee or qualified hedge with respect to the Obligation. The yield on the Obligation will not be affected by subsequent unexpected events, except to the extent provided in section 1.148-4(h)(3) of the Treasury Regulations when and if the Issuer enters into a qualified hedge or into any transaction transferring, waiving or modifying any right that is part of the terms of any Bond. The Issuer will consult with nationally recognized bond counsel prior to entering into any of the foregoing transactions.

4. Transferred Proceeds and Disposition Proceeds.

As of the date of this Certificate, all of the amounts received from the sale of the Outstanding Lease and the investment earnings thereon have been expended.

5. Interest and Sinking Fund.

5.1. A separate and special Interest and Sinking Fund has been created and established, other than as described herein, solely to pay the principal of and interest on the Obligation (the "Bona Fide Debt Service Portion"). The Bona Fide Debt Service Portion constitutes a fund that is used primarily to achieve a proper matching of revenues and debt service within each bond year. Such portion will be completely depleted at least once each year except for an amount not in excess of the greater of (a) one-twelfth of the debt service on the Obligation for the previous year, or (b) the previous year's earnings on such portion of the Interest and Sinking Fund. Amounts deposited in the Interest and Sinking Fund constituting the Bona Fide Debt Service Portion will be spent within a thirteen-month period beginning on the date of deposit, and any amount received from the investment of money held in the Interest and Sinking Fund will be spent within a one-year period beginning on the date of receipt.

5.2. Any money deposited in the Interest and Sinking Fund and any amounts received from the investment thereof that accumulate and remain on hand therein after thirteen months from the date of deposit of any such money or one year after the receipt of any such amounts from the investment thereof shall constitute a separate portion of the Interest and Sinking Fund. The yield on any investments allocable to the portion of the Interest and Sinking Fund exceeding of the sum of (a) the Bona Fide Debt Service Portion and (b) an amount equal to the lesser of five percent of the sale and investment proceeds of the Obligation or \$100,000 will be restricted to a yield that does not exceed the yield on the Obligation.

6. Invested Sinking Fund Proceeds, Replacement Proceeds.

6.1. The Issuer has, in addition to the moneys received from the sale of the Obligation, certain other moneys that are invested in various funds which are pledged for various purposes. These other funds are not available to accomplish the purposes described in Section 2 of this Certificate.

6.2. Other than the Interest and Sinking Fund, there are, and will be, no other funds or accounts established, or to be established, by or on behalf of the Issuer (a) which are reasonably expected to be used, or to generate earnings to be used, to pay debt service on the Obligation, or (b) which are reserved or pledged as collateral for payment of debt service on the Obligation and for which there is reasonable assurance that amounts therein will be available to pay such debt service if the Issuer encounters financial difficulties. Accordingly, there are no other amounts constituting "gross proceeds" of the Obligation, within the meaning of section 148 of the Internal Revenue Code of 1986 (the "Code").

7. Other Obligations.

There are no other obligations of the Issuer which (a) are sold at substantially the same time as the Obligation, i.e., within 15 days of the date of sale of the Obligation, (b) are sold pursuant to a common plan of financing with the Obligation, and (c) will be payable from the same source of funds as the Obligation.

8. Federal Tax Audit Responsibilities.

The Issuer acknowledges that in the event of an examination by the Internal Revenue Service (the "Service") to determine compliance of the Obligation with the provisions of the Code as they relate to tax-exempt obligations, the Issuer will respond, and will direct its agents and assigns to respond, in a commercially reasonable manner to any inquiries from the Service in connection with such an examination. The Issuer understands and agrees that the examination may be subject to public disclosure under applicable Texas law. The Issuer acknowledges that this Certificate, including any attachments, does not constitute an opinion of Bond Counsel as to the proper federal tax or accounting treatment of any specific transaction.

9. Record Retention and Private Business Use.

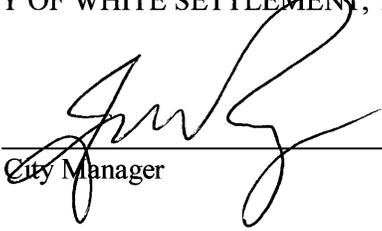
The Issuer has covenanted in the Ordinance that it will comply with the requirements of the Code relating to the exclusion of the interest on the Obligation under section 103 of the Code. The Service has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under section 103 of the Code. **ACCORDINGLY, THE ISSUER SHALL TAKE STEPS TO ENSURE THAT ALL MATERIALS, RECORDS AND INFORMATION NECESSARY TO CONFIRM THE EXCLUSION OF THE INTEREST ON THE OBLIGATION UNDER SECTION 103 OF THE CODE ARE RETAINED FOR THE PERIOD BEGINNING ON THE ISSUE DATE OF THE OUTSTANDING LEASE OR, IN THE CASE OF A SEQUENCE OF REFUNDINGS, THE ISSUE DATE OF THE OBLIGATIONS ORIGINALLY FINANCING THE OUTSTANDING PROJECTS AND ENDING THREE YEARS AFTER THE DATE THE OBLIGATION IS RETIRED.** The Issuer acknowledges receipt of the letters attached hereto as Exhibit "B" which discusses limitations related to private business use and Exhibit "C" which, in part, discusses specific guidance by the Service with respect to the retention of records relating to tax-exempt bond transactions.

10. Rebate to United States.

The Issuer has covenanted in the Ordinance that it will comply with the requirements of the Code, including section 148(f) of the Code, relating to the required rebate to the United States. Specifically, the Issuer will take steps to ensure that all earnings on gross proceeds of the Obligation in excess of the yield on the Obligation required to be rebated to the United States will be timely paid to the United States. The Issuer acknowledges receipt of the memorandum attached hereto as Exhibit "A" which discusses regulations promulgated pursuant to section 148(f) of the Code.

DATED as of September 10, 2015.

CITY OF WHITE SETTLEMENT, TEXAS

By:  _____
City Manager

The undersigned represents that, to the best of the undersigned's knowledge, information and belief, the representations of the Schedules attached hereto as Exhibit "E" are, as of September 10, 2015, accurate and complete. We understand that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in this Federal Tax Certificate and by McCall, Parkhurst & Horton L.L.P. (i) in connection with rendering its opinion to the Issuer that interest on the Obligation is excludable from gross income thereof for income tax purposes, and (ii) for purposes of completing the IRS Form 8038-G. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to these facts.

FIRST SOUTHWEST COMPANY, LLC

By: 
Name: Donald Medansch
Title: Vice Chairman

Exhibit "A"

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE

SUITE 1800

AUSTIN, TEXAS 78701-3248

TELEPHONE: (512) 478-3805
FACSIMILE: (512) 472-0871

717 NORTH HARWOOD

SUITE 900

DALLAS, TEXAS 75201-6587

TELEPHONE: (214) 754-9200
FACSIMILE: (214) 754-9250

700 N. ST. MARY'S STREET

SUITE 1525

SAN ANTONIO, TEXAS 78205-3503

TELEPHONE: (210) 225-2800
FACSIMILE: (210) 225-2984

January 1, 2006

ARBITRAGE REBATE REGULATIONS[©]

The arbitrage rebate requirements set forth in section 148(f) of the Internal Revenue Code of 1986 (the "Code") generally provide that in order for interest on any issue of bonds¹ to be excluded from gross income (i.e., tax-exempt) the issuer must rebate to the United States the sum of, (1) the excess of the amount earned on all "nonpurpose investments" acquired with "gross proceeds" of the issue over the amount which would have been earned if such investments had been invested at a yield equal to the yield on the issue, and (2) the earnings on such excess earnings.

On June 18, 1993, the U.S. Treasury Department promulgated regulations relating to the computation of arbitrage rebate and the rebate exceptions. These regulations, which replace the previously-published regulations promulgated on May 15, 1989, and on May 18, 1992, are effective for bonds issued after June 30, 1993. This memorandum was prepared by McCall, Parkhurst & Horton L.L.P. and provides a general discussion of these arbitrage rebate regulations. This memorandum does not otherwise discuss the general arbitrage regulations, other than as they may incidentally relate to rebate. This memorandum also does not attempt to provide an exhaustive discussion of the arbitrage rebate regulations and should not be considered advice with respect to the arbitrage rebate requirements as applied to any individual or governmental unit or any specific transaction. Any tax advice contained in this memorandum is of a general nature and is not intended to be used, and should not be used, by any person to avoid penalties under the Code.

McCall, Parkhurst & Horton L.L.P. remains available to provide legal advice to issuers with respect to the provisions of these tax regulations but recommends that issuers seek competent financial and accounting assistance in calculating the amount of such issuer's rebate liability under section 148(f) of the Code and in making elections to apply the rebate exceptions.

Effective Dates

¹ In this memorandum the word "bond" is defined to include any bond, note, certificate, financing lease or other obligation of an issuer.

The regulations promulgated on June 18, 1993, generally apply to bonds delivered after June 30, 1993, although they do permit an issuer to elect to apply the rules to bonds issued prior to that date. The temporary regulations adopted by the U.S. Treasury Department in 1989 and 1992 incorporated the same effective dates which generally apply for purposes of section 148(f) of the Code. As such, the previous versions of the rebate regulations generally applied to bonds issued between August 1986 and June 30, 1993 (or, with an election, to bonds issued prior to August 15, 1993). The statutory provisions of section 148(f) of the Code, other than the exception for construction issues, apply to all bonds issued after August 15, 1986, (for private activity bonds) and August 31, 1986, (for governmental public purpose bonds). The statutory exception to rebate applicable for construction issues generally applies if such issue is delivered after December 19, 1989.

The regulations provide numerous transitional rules for bonds sold prior to July 1, 1993. Moreover, since, under prior law, rules were previously published with respect to industrial development bonds and mortgage revenue bonds, the transitional rules contained in these regulations permit an issuer to elect to apply certain of these rules for computing rebate on pre-1986 bonds. The regulations provide for numerous elections which would permit an issuer to apply the rules (other than 18-month spending exception) to bonds which were issued prior to July 1, 1993 and remain outstanding on June 30, 1993. Due to the complexity of the regulations, it is impossible to discuss in this memorandum all circumstances for which specific elections are provided. If an issuer prefers to use these final version of rebate regulations in lieu of the computational method stated under prior law (e.g., due to prior redemption) or the regulations, please contact McCall, Parkhurst & Horton L.L.P. for advice as to the availability of such options.

Future Value Computation Method

The regulations employ an actuarial method for computing the rebate amount based on the future value of the investment receipts (i.e., earnings) and payments. The rebate method employs a two-step computation to determine the amount of the rebate payment. First, the issuer determines the bond yield. Second, the issuer determines the arbitrage rebate amount. The regulations require that the computations be made at the end of each five-year period and upon final maturity of the issue (the "computation dates"). **THE FINAL MATURITY DATE WILL ACCELERATE IN CIRCUMSTANCES IN WHICH THE BONDS ARE OPTIONALLY REDEEMED PRIOR TO MATURITY. AS SUCH, IF BONDS ARE REFUNDED OR OTHERWISE REDEEMED, THE REBATE MAY BE DUE EARLIER THAN INITIALLY PROJECTED.** In order to accommodate accurate record-keeping and to assure that sufficient amounts will be available for the payment of arbitrage rebate liability, however, we recommend that the computations be performed at least annually. Please refer to other materials provided by McCall, Parkhurst & Horton L.L.P. relating to federal tax rules regarding record retention.

Under the future value method, the amount of rebate is determined by compounding the aggregate earnings on all the investments from the date of receipt by the issuer to the computation date. Similarly, a payment for an investment is future valued from the date that the payment is made to the computation date. The receipts and payments are future valued at a discount rate equal to the yield on the bonds. The rebatable arbitrage, as of any computation date, is equal to the excess of the (1) future value of all receipts from investments (i.e., earnings), over (2) the future value of all payments.

The following example is provided in the regulations to illustrate how arbitrage rebate is computed under the future value method for a fixed-yield bond:

"On January 1, 1994, City A issues a fixed yield issue and invests all the sale proceeds of the issue (\$49 million). There are no other gross proceeds. The issue has a yield of 7.0000 percent per year compounded semiannually (computed on a 30 day month/360 day year basis). City A receives amounts from the investment and immediately expends them for the governmental purpose of the issue as follows:

<u>Date</u>	<u>Amount</u>
2/1/1994	\$ 3,000,000
4/1/1994	5,000,000
6/1/1994	14,000,000
9/1/1994	20,000,000
7/1/1995	10,000,000

City A selects a bond year ending on January 1, and thus the first required computation date is January 1, 1999. The rebate amount as of this date is computed by determining the future value of the receipts and the payments for the investment. The compounding interval is each 6-month (or shorter) period and the 30 day month/360 day year basis is used because these conventions were used to compute yield on the issue. The future value of these amounts, plus the computation credit, as of January 1, 1999, is:

<u>Date</u>	<u>Receipts (Payments)</u>	<u>FY (7.0000 percent)</u>
01/1/1994	(\$49,000,000)	(\$69,119,339)
02/1/1994	3,000,000	4,207,602
04/1/1994	5,000,000	6,932,715
06/1/1994	14,000,000	19,190,277
09/1/1994	20,000,000	26,947,162
01/1/1995	(1,000)	(1,317)
07/1/1995	10,000,000	12,722,793
01/1/1996	(1,000)	<u>(1,229)</u>
Rebate amount (01/01/1999)		<u><u>\$878,664"</u></u>

General Method for Computing Yield on Bonds

In general, the term "yield," with respect to a bond, means the discount rate that when used in computing the present value of all unconditionally due payments of principal and interest and all of the payments for a qualified guarantee produces an amount equal to the issue price of the bond. The term "issue price" has the same meaning as provided in sections 1273 and 1274 of the Code. That is, if bonds are publicly offered (i.e., sold by the issuer to a bond house, broker or similar person acting in the capacity of underwriter or wholesaler), the issue price of each bond is determined on the basis of the initial offering price to the public (not

to the aforementioned intermediaries) at which price a substantial amount of such bond was sold to the public (not to the aforementioned intermediaries). The "issue price" is separately determined for each bond (i.e., maturity) comprising an issue.

The regulations also provide varying periods for computing yield on the bonds depending on the method by which the interest payment is determined. Thus, for example, yield on an issue of bonds sold with variable interest rates (i.e., interest rates which are reset periodically based on changes in market) is computed separately for each annual period ending on the first anniversary of the delivery date that the issue is outstanding. In effect, yield on a variable yield issue is determined on each computation date by "looking back" at the interest payments for such period. The regulations, however, permit an issuer of a variable-yield issue to elect to compute the yield for annual periods ending on any date in order to permit a matching of such yield to the expenditure of the proceeds. Any such election must be made in writing, is irrevocable, and must be made no later than the earlier of (1) the fifth anniversary date, or (2) the final maturity date.

Yield on a fixed interest rate issue (i.e., an issue of bonds the interest rate on which is determined as of the date of the issue) is computed over the entire term of the issue. Issuers of fixed-yield issues generally use the yield computed as of the date of issue for all rebate computations. Such yield on fixed-yield issues generally is recomputed only if (1) the issue is sold at a substantial premium, may be retired within five years of the date of delivery, and such date is earlier than its scheduled maturity date, or (2) the issue is a stepped-coupon bond. In such cases, the regulations require the issuer to recompute the yield on such issues by taking into account the early retirement value of the bonds. Similarly, recomputation may occur in circumstances in which the issuer or bondholder modify or waive certain terms of, or rights with respect to, the issue or in sophisticated hedging transactions. **IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.**

For purposes of determining the principal or redemption payments on a bond, different rules are used for fixed-rate and variable-rate bonds. The payment is computed separately on each maturity of bonds rather than on the issue as a whole. In certain circumstances, the yield on the bond is determined by assuming that principal on the bond is paid as scheduled and that the bond is retired on the final maturity date for the stated retirement price. For bonds subject to early redemption or stepped-coupon bonds, described above, or for bonds subject to mandatory early redemption, the yield is computed assuming the bonds are paid on the early redemption date for an amount equal to their value.

Premiums paid to guarantee the payment of debt service on bonds are taken into account in computing the yield on the bond. Payments for guarantees are taken into account by treating such premiums as the payment of interest on the bonds. This treatment, in effect, raises the yield on the bond, thereby permitting the issuer to recover such fee with excess earnings.

The guarantee must be an unconditional obligation of the guarantor enforceable by the bondholder for the payment of principal or interest on the bond or the tender price of a tender bond. The guarantee may be in the form of an insurance policy, surety bond, irrevocable letter or line of credit, or standby purchase agreement. Importantly, the guarantor must be legally entitled to full reimbursement for any payment made on the guarantee either immediately or

upon commercially reasonable repayment terms. The guarantor may not be a co-obligor of the bonds or a user of more than 10 percent of the proceeds of the bonds.

Payments for the guarantee may not exceed a reasonable charge for the transfer of credit risk. This reasonable charge requirement is not satisfied unless it is reasonably expected that the guarantee will result in a net present value savings on the bond (i.e., the premium does not exceed the present value of the interest savings resulting by virtue of the guarantee). If the guarantee is entered into after June 14, 1989, then any fees charged for the nonguarantee services must be separately stated or the guarantee fee is not recoverable.

The regulations also treat certain "hedging" transactions in a manner similar to qualified guarantees. "Hedges" are contracts, e.g., interest rate swaps, futures contracts or options, which are intended to reduce the risk of interest rate fluctuations. Hedges and other financial derivatives are sophisticated and ever-evolving financial products with which a memorandum, such as this, can not readily deal. **IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.**

Earnings on Nonpurpose Investments

The arbitrage rebate provisions apply only to the receipts from the investment of "gross proceeds" in "nonpurpose investments." For this purpose, nonpurpose investments are stock, bonds or other obligations acquired with the gross proceeds of the bonds for the period prior to the expenditure of the gross proceeds for the ultimate purpose. For example, investments deposited to construction funds, reserve funds (including surplus taxes or revenues deposited to sinking funds) or other similar funds are nonpurpose investments. Such investments include only those which are acquired with "gross proceeds." For this purpose, the term "gross proceeds" includes original proceeds received from the sale of the bonds, investment earnings from the investment of such original proceeds, amounts pledged to the payment of debt service on the bonds or amounts actually used to pay debt service on the bonds. The regulations do not provide a sufficient amount of guidance to include an exhaustive list of "gross proceeds" for this purpose; however, it can be assumed that "gross proceeds" represent all amounts received from the sale of bonds, amounts earned as a result of such sale or amounts (including taxes and revenues) which are used to pay, or secure the payment of, debt service for the bonds. The total amount of "gross proceeds" allocated to a bond generally can not exceed the outstanding principal amount of the bonds.

The regulations provide that an investment is allocated to an issue for the period (1) that begins on the date gross proceeds are used to acquire the investment, and (2) that ends on the date such investment ceases to be allocated to the issue. In general, proceeds are allocated to a bond issue until expended for the ultimate purpose for which the bond was issued or for which such proceeds are received (e.g., construction of a bond-financed facility or payment of debt service on the bonds). Deposit of gross proceeds to the general fund of the issuer (or other fund in which they are commingled with revenues or taxes) does not eliminate or ameliorate the Issuer's obligation to compute rebate in most cases. As such, proceeds commingled with the general revenues of the issuer are not "freed-up" from the rebate obligation. An exception to this commingling limitation for bonds, other than private activity bonds, permits "investment earnings" (but not sale proceeds or other types of gross proceeds) to be considered spent when deposited to a commingled fund if those amounts are reasonably

expected to be spent within six months. Other than for these amounts, issuers may consider segregating investments in order to more easily compute the amount of such arbitrage earnings by not having to allocate investments.

Special rules are provided for purposes of advance refundings. These rules are too complex to discuss in this memorandum. Essentially, the rules relating to refundings, however, do not require that amounts deposited to the escrow fund to defease the prior obligations of the issuer be subject to arbitrage rebate to the extent that the investments deposited to the escrow fund do not have a yield in excess of the yield on the bonds. Any loss resulting from the investment of proceeds in an escrow fund below the yield on the bonds, however, may be recovered by combining those investments with investments deposited to other funds, e.g., reserve or construction funds.

The arbitrage regulations also provide an exception to the arbitrage limitations for the investment of bond proceeds in tax-exempt obligations. As such, investment of proceeds in tax exempt bonds eliminates the Issuer's rebate obligation. A caveat; this exception does not apply to gross proceeds derived allocable to a bond, which is not subject to the alternative minimum tax under section 57(a)(5) of the Code, if invested in tax-exempt bonds subject to the alternative minimum tax, i.e., "private activity bonds." Such "AMT-subject" investment is treated as a taxable investment and must comply with the arbitrage rules, including rebate. Earnings from these tax-exempt investments are subject to arbitrage restrictions, including rebate.

Similarly, the investment of gross proceeds in certain tax-exempt mutual funds are treated as a direct investment in the tax-exempt obligations deposited in such fund. While issuers may invest in such funds for purposes of avoiding arbitrage rebate, they should be aware that if "private activity bonds" are included in the fund then a portion of the earnings will be subject to arbitrage rebate. Issuers should be prudent in assuring that the funds do not contain private activity bonds.

The arbitrage regulations provide a number of instances in which earnings will be imputed to nonpurpose investments. Receipts generally will be imputed to investments that do not bear interest at an arm's-length (i.e., market) interest rate. As such, the regulations adopt a "market price" rule. In effect, this rule prohibits an issuer from investing bond proceeds in investments at a price which is higher than the market price of comparable obligations, in order to reduce the yield. Special rules are included for determining the market price for investment contracts, certificates of deposit and certain U.S. Treasury obligations. For example, to establish the fair market value of investment contracts a bidding process between three qualified bidders must be used. The fair market value of certificates of deposit which bear a fixed interest rate and are subject to an early withdrawal penalty is its purchase price if that price is not less than the yield on comparable U.S. Treasury obligations and is the highest yield available from the institution. In any event, a basic "common sense" rule-of-thumb that can be used to determine whether a fair market value has been paid is to ask whether the general funds of the issuer would be invested at the same yield or at a higher yield. An exception to this market price rule is available for United States Treasury Obligations - State or Local Government Series in which case the purchase price is always the market price.

Reimbursement and Working Capital

The regulations provide rules for purposes of determining whether gross proceeds are used for working capital and, if so, at what times those proceeds are considered spent. In general, working capital financings are subject to many of the same rules that have existed since the mid-1970s. For example, the regulations generally continue the 13-month temporary period. By adopting a "proceeds-spent-last" rule, the regulations also generally require that an issuer actually incur a deficit (i.e., expenditures must exceed receipts) for the computation period (which generally corresponds to the issuer's fiscal year). Also, the regulations continue to permit an operating reserve, but unlike prior regulations the amount of such reserve may not exceed five percent of the issuer's actual working capital expenditures for the prior fiscal year. Another change made by the regulations is that the issuer may not finance the operating reserve with proceeds of a tax-exempt obligation.

Importantly, the regulations contain rules for determining whether proceeds used to reimburse an issuer for costs paid prior to the date of issue of the obligation, in fact, are considered spent at the time of reimbursement. These rules apply to an issuer who uses general revenues for the payment of all or a portion of the costs of a project then uses the proceeds of the bonds to reimburse those general revenues. Failure to comply with these rules would result in the proceeds continuing to be subject to federal income tax restrictions, including rebate.

To qualify for reimbursement, a cost must be described in an expression (e.g., resolution, legislative authorization) evidencing the issuer's intent to reimburse which is made no later than 60 days after the payment of the cost. Reimbursement must occur no later than 18 months after the later of (1) the date the cost is paid or (2) the date the project is placed in service. Except for projects requiring an extended construction period or small issuers, in no event can a cost be reimbursed more than three years after the cost is paid.

Reimbursement generally is not permitted for working capital; only capital costs, grants and loans may be reimbursed. Moreover, certain anti-abuse rules apply to prevent issuers from avoiding the limitations on refundings. IN CASES INVOLVING WORKING CAPITAL OR REIMBURSEMENT, ISSUERS ARE ADVISED TO CONTACT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTION.

Rebate Payments

Rebate payments generally are due 60 days after each installment computation date. The interim computation dates occur each fifth anniversary of the issue date. The final computation date is on the latest of (1) the date 60 days after the date the issue of bonds is no longer outstanding, (2) the date eight months after the date of issue for certain short-term obligations (i.e., obligations retired within three years), or (3) the date the issuer no longer reasonably expects any spending exception, discussed below, to apply to the issue. On such payment dates, other than the final payment date, an issuer is required to pay 90 percent of the rebatable arbitrage to the United States. On the final payment date, an issuer is required to pay 100 percent of the remaining rebate liability.

Failure to timely pay rebate does not necessarily result in the loss of tax-exemption. Late payments, however, are subject to the payment of interest, and unless waived, a penalty of 50 percent (or, in the case of private activity bonds, other than qualified 501(c)(3) bonds, 100

percent) of the rebate amount which is due. IN SUCH CIRCUMSTANCES, ISSUERS ARE ADVISED TO CONSULT McCALL, PARKHURST & HORTON L.L.P. TO ADDRESS THE FEDERAL INCOME TAX CONSEQUENCES OF THESE TRANSACTIONS.

Rebate payments are refundable. The issuer, however, must establish to the satisfaction of the Commissioner of the Internal Revenue Service that the issuer paid an amount in excess of the rebate and that the recovery of the overpayment on that date would not result in additional rebatable arbitrage. An overpayment of less than \$5,000 may not be recovered before the final computation date.

Alternative Penalty Amount

In certain cases, an issuer of a bond the proceeds of which are to be used for construction may elect to pay a penalty, in lieu of rebate. The penalty may be elected in circumstances in which the issuer expects to satisfy the two-year spending exception which is more fully described under the heading "Exceptions to Rebate." The penalty is payable, if at all, within 60 days after the end of each six-month period. This is more often than rebate. The election of the alternative penalty amount would subject an issuer, which fails the two-year spend-out requirements, to the payment of a penalty equal to one and one-half of the excess of the amount of proceeds which was required to be spent during that period over the amount which was actually spent during the period.

The penalty has characteristics which distinguish it from arbitrage rebate. First, the penalty would be payable without regard to whether any arbitrage profit is actually earned. Second, the penalty continues to accrue until either (1) the appropriate amount is expended or (2) the issuer elects to terminate the penalty. To be able to terminate the penalty, the issuer must meet specific requirements and, in some instances, must pay an additional penalty equal to three percent of the unexpended proceeds.

Exceptions to Rebate

The Code and regulations provide certain exceptions to the requirement that the excess investment earnings be rebated to the United States.

a. *Small Issuers.* The first exception provides that if an issuer (together with all subordinate issuers) *during a calendar year* does not issue tax-exempt bonds² in an aggregate face amount exceeding \$5 million, then the obligations are not subject to rebate. *Only issuers with general taxing powers may take advantage of this exception.* Subordinate issuers are those issuers which derive their authority to issue bonds from the same issuer, e.g., a city and a health facilities development corporation, or which are controlled by the same issuer, e.g., a state and the board of a public university. In the case of bonds issued for public school capital expenditures, the \$5 million cap may be increased to as much as \$15 million. For purposes of measuring whether bonds in the calendar year exceed these dollar limits, current refunding

² For this purpose, "private activity bonds" neither are afforded the benefit of this exception nor are taken into account for purposes of determining the amount of bonds issued.

bonds can be disregarded if they meet certain structural requirements. Please contact McCall, Parkhurst & Horton L.L.P. for further information.

b. Spending Exceptions.

Six-Month Exception. The second exception to the rebate requirement is available to all tax-exempt bonds, all of the gross proceeds of which are expended during six months. The six month rule is available to bonds issued after the effective date of the Tax Reform Act of 1986. See the discussion of effective dates on page two. For this purpose, proceeds used for the redemption of bonds (other than proceeds of a refunding bond deposited to an escrow fund to discharge refunded bonds) can not be taken into account as expended. As such, bonds with excess gross proceeds generally can not satisfy the second exception unless the amount does not exceed the lesser of five percent or \$100,000 and such de minimis amount must be expended within one year.

Certain gross proceeds are not subject to the spend-out requirement, including amounts deposited to a bona fide debt service fund, to a reserve fund and amounts which become gross proceeds received from purpose investments. These amounts themselves, however, may be subject to rebate even though the originally expended proceeds were not. The Code provides a special rule for tax and revenue anticipation notes (i.e., obligations issued to pay operating expenses in anticipation of the receipt of taxes and other revenues). Such notes are referred to as TRANs. To determine the timely expenditure of the proceeds of a TRAN, the computation of the "cumulative cash flow deficit" is important. If the "cumulative cash flow deficit" (i.e., the point at which the operating expenditures of the issuer on a cumulative basis exceed the revenues of the issuer during the fiscal year) occurs within the first six months of the date of issue and must be equal to at least 90 percent of the proceeds of the TRAN, then the notes are deemed to satisfy the exception. This special rule requires, however, that the deficit actually occur, not that the issuer merely have an expectation that the deficit will occur. In lieu of the statutory exception for TRANs, the regulations also provide a second exception. Under this exception, 100 percent of the proceeds must be spent within six months, but before note proceeds can be considered spent, all other available amounts of the issuer must be spent first ("proceeds-spent-last" rule). In determining whether all available amounts are spent, a reasonable working capital reserve equal to five percent of the prior year's expenditures may be set aside and treated as unavailable.

18-Month Exception. The regulations also establish a non-statutory exception to arbitrage rebate if all of the gross proceeds (including investment earnings) are expended within 18 months after the date of issue. Under this exception, 15 percent of the gross proceeds must be expended within a six-month spending period, 60 percent within a 12-month spending period and 100 percent within an 18-month spending period. The rule permits an issuer to rely on its reasonable expectations for computing investment earnings which are included as gross proceeds during the first and second spending period. A reasonable retainage not to exceed five percent of the sale proceeds of the issue is not required to be spent within the 18-month period but must be expended within 30 months. Rules similar to the six-month exception relate to the definition of gross proceeds.

Two Year Exception. Bonds issued after December 19, 1989 (i.e., the effective date of the Omnibus Reconciliation Act of 1989), at least 75 percent of the net proceeds of which are to be used for construction, may be exempted from rebate if the gross proceeds are spent

within two years. Bonds more than 25 percent of the proceeds of which are used for acquisition or working capital may not take advantage of this exception. The exception applies only to governmental bonds, qualified 501(c)(3) bonds and private activity bonds for governmentally-owned airports and docks and wharves. The two-year exception requires that at least 10 percent of the available construction proceeds must be expended within six months after the date of issue, 45 percent within 12 months, 75 percent within 18 months and 100 percent within 24 months. The term "available construction proceeds" generally means sale proceeds of the bonds together with investment earnings less amounts deposited to a qualified reserve fund or used to pay costs of issuance. Under this rule, a reasonable retainage not to exceed five percent need not be spent within 24 months but must be spent within 36 months.

The two-year rule also provides for numerous elections which must be made not later than the date of issuance of the bonds. Once made, the elections are irrevocable. Certain elections permit an issuer to bifurcate bond issues, thereby treating only a portion of the issue as a qualified construction bond; and, permit an issuer to disregard earnings from reserve funds for purposes of determining "available construction proceeds." Another election permits an issuer to pay the alternative penalty amount discussed above in lieu of rebate if the issuer ultimately fails to satisfy the two-year rule. Issuers should discuss these elections with their financial advisors prior to issuance of the bonds. Of course, McCall, Parkhurst & Horton L.L.P. remains available to assist you by providing legal interpretations thereof.

Debt Service Funds. Additionally, an exception to the rebate requirement, whether or not any of the previously discussed exceptions are available, applies for earnings on "bona fide debt service funds." A "bona fide debt service fund" is one in which the amounts are expended within 13 months of the accumulation of such amounts by the issuer. In general, most interest and sinking funds (other than any excess taxes or revenues accumulated therein) satisfy these requirements. For private activity bonds, short term bonds (i.e., have a term of less than five years) or variable rate bonds, the exclusion is available only if the gross earnings in such fund does not exceed \$100,000, for the bond year. For other bonds issued after November 11, 1988, no limitation is applied to the gross earnings on such funds for purposes of this exception. Therefore, subject to the foregoing discussion, the issuer is not required to take such amounts into account for purposes of the computation.

FOR BONDS ISSUED AFTER THE EFFECTIVE DATE OF THE TAX REFORM ACT OF 1986 WHICH WERE OUTSTANDING AS OF NOVEMBER 11, 1988, OTHER THAN PRIVATE ACTIVITY BONDS, SHORT TERM BONDS OR VARIABLE RATE BONDS, A ONE-TIME ELECTION MAY BE MADE TO EXCLUDE EARNINGS ON "BONA FIDE DEBT SERVICE FUNDS" WITHOUT REGARD TO THE \$100,000, LIMITATION. THE ELECTION MUST BE MADE IN WRITING (AND MAINTAINED AS PART OF THE ISSUER'S BOOKS AND RECORDS) NO LATER THAN THE LATER OF MARCH 21, 1990, OR THE FIRST DATE A REBATE PAYMENT IS REQUIRED.

Conclusion

McCall, Parkhurst & Horton L.L.P. hopes that this memorandum will prove to be useful as a general guide to the arbitrage rebate requirements.

Again, this memorandum is not intended as an exhaustive discussion nor as specific advice with respect to any specific transaction. We advise our clients to seek competent

financial and accounting assistance. Of course, we remain available to provide legal advice regarding all federal income tax matters, including arbitrage rebate. If you have any questions, please feel free to contact either Harold T. Flanagan or Stefano Taverna at (214) 754-9200.

EXHIBIT "B"

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May 21, 2013

Certain Federal Income Tax Considerations for Private Business Use of Bond-Financed Facilities

This memorandum provides a general discussion of those types of contractual arrangements which give rise to private business use, and to what extent that use rises to a prohibited level. Generally, in order for bonds issued by governmental units to be tax-exempt, no more than a de minimis amount of the proceeds of the bonds or the facilities financed with such proceeds may be used by non-governmental users. That is, there may be no more than an incidental use by persons, other than state or local governments. Too much private business use can cause the bonds to become taxable. Private business use for this purpose can be direct or can result from indirect benefits being conveyed to a private person by contractual arrangement. The following discussion describes, in general terms, those types of arrangements which need to be scrutinized.

We hope that this general guideline will be useful to you in interacting with private parties regarding the use of bond proceeds or bond-financed facilities. While the statements contained herein are not intended as advice with regard to any specific transaction, McCall, Parkhurst & Horton L.L.P. remains available should you have questions about these rules. If you have any specific questions or comments, please feel free to contact Stefano Taverna or Harold T. Flanagan at (214) 754-9200.

I. Private Business Use

Arrangements that involve use in a trade or business by a nongovernmental person of bond proceeds or facilities financed with bond proceeds may cause a "private business use" problem. Bond-financed facilities may be used by a variety of people with differing consequences under these rules. For example, students, teachers, employees and the general public may use bond-financed facilities on a non-exclusive basis without constituting private business use. More problematic, however, is use of bond-financed facilities by groups such as managers, lessees (e.g., book store owners), persons providing services (e.g., food or cleaning), seminar groups, sports and entertainment groups, and even alumni associations. The benefits also may be considered to pass to a private person where the right to the output produced by the facility is transferred. For this purpose, the federal government is considered a non-governmental person. Use by an organization organized under section 501(c)(3) of the Internal Revenue Code in a trade or business unrelated to the exempt purpose of such organization also is considered use by a private person.

The term "use" includes both actual and beneficial use. As such, private business use may arise in a variety of ways. For example, ownership of a bond-financed facility by a non-governmental person is private business use. The leasing of a bond-financed facility by a non-governmental person can also cause a private business use problem. Along the same line, management of such facilities by a non-governmental person can cause a problem with private business use, absent compliance with the management contract rules discussed below. Essentially, such use can occur in connection with any arrangement in which the non-governmental user has a preference to benefit from the proceeds or the facilities. Therefore,

any arrangement which results in a non-governmental person being the ultimate beneficiary of the bond financing must be considered.

1. Sales and Leases. The sale of a bond-financed facility to a non-governmental person would cause a private business use problem if that facility involved the use of more than 10 percent of the bond proceeds. Since state law often prohibits a governmental issuer from lending credit, this circumstance generally does not occur. Leases, however, also could be a problem because such arrangements grant a possessory interest in the facility which results in the lessee receiving a right to use the facility which is superior to members of the general public.

2. Management Contracts. Having a private manager will give rise to private business use unless certain terms of the management agreement demonstrate that beneficial use has not been passed to the manager. These factors relate to the compensation arrangements, contract term, cancellation provisions, and the relationship of the parties.

The primary focus of these rules is on compensation. In general, compensation must be reasonable and not be based, in whole or in part, on a share of net profits. Compensation arrangements may take one of four forms: (1) periodic fixed fee; (2) capitation fee; (3) per-unit fee; or (4) percentage of fees charged. In general, a periodic fixed fee arrangement, however, is required in which at least 50 percent of annual compensation be based on a predetermined fee. During the initial two year start-up period, compensation may be based on a percentage of fees charged (i.e., gross revenues, adjusted gross revenues or expenses).

The term of a management contract, generally, may not exceed five years, including all renewal options, and must be cancelable by the governmental unit at the end of the third year. If per-unit fee compensation is used, the term is limited to three years, with a cancellation option for the governmental unit at the end of two years. Where compensation is based on a percentage of gross revenues, the contract may not extend beyond a term of two years, cancelable by the governmental unit at the end of the first year. In each instance, cancellation may be upon reasonable notice, but must be "without penalty or cause," meaning no covenant not to compete, buy-out provision or liquidated damages provision is allowed.

Finally, the manager may not have any role or relationship with the governmental unit that would limit the ability of the governmental unit to exercise its rights under the contract. Any voting power of either party which is vested in the other party, including its officers, directors, shareholders and employees, may not exceed 20 percent. Further, the chief executive officer of either party may not serve on the governing board of the other party. Similarly, the two parties must not be members of the same controlled group or be related persons, as defined in certain provisions of federal tax law.

3. Cooperative Research Agreements. A cooperative research agreement with a private sponsor whereby the private party uses bond-financed facilities may cause a private business use problem. Nevertheless, such use of a bond-financed facility by a non-governmental person is to be disregarded for purposes of private business use if the arrangement is in one of the following forms. First, the arrangement may be disregarded if the sponsoring party is required to pay a competitive price for any license or other use of resulting technology, and such price must be determined at the time the technology is available. Second, an arrangement may also qualify if a four-part requirement is met: (1) multiple, unrelated industry sponsors must agree to fund university-performed basic research; (2) the university must determine the research to be performed and the manner in which it is to be performed; (3) the university must have exclusive title to any patent or other product incidentally resulting from the basic research; and (4) sponsors must be limited to no more than a nonexclusive, royalty-free license to use the product of any such research.

4. Output Contracts. In some circumstances, private business use arises by virtue of contractual arrangements in which a governmental unit agrees to sell the output from a bond-financed facility to a non-governmental person. If the non-governmental person is obligated to take the output or to pay for output even if not taken, then private business use will arise. This is because the benefits and burdens of the bond-financed facility are considered as inuring to the non-governmental purchaser. In addition to the general rule, output-type facilities, including electric and gas generation, transmission and related facilities (but not water facilities) are further limited in the amount of private business use which may be permitted. If more than 5 percent of the proceeds are used for output facilities and if more than 10 percent of the output is sold pursuant to an output arrangement, then the aggregate private business use which may result (for all bond issues) is \$15,000,000.

II. How Much Private Business Use is Too Much?

In general, there is too much private business use if an amount in excess of 10 percent of the proceeds of the bond issue are to be used, directly or indirectly, in a trade or business carried on by persons other than governmental units, and other than as members of the general public. All trade or business use by persons on a basis different than that of the general public is aggregated for the 10 percent limit. Private business use is measured on a facility or bond issue basis. On a facility basis, such use is generally measured by relative square footage, fair market rental value or the percentage of cost allocable to the private use. On a bond issue basis, the proceeds of the bond issue are allocated to private and governmental (or public) use of the facility to determine the amount of private business use over the term of the bond issue. Temporary use is not necessarily "bad" (i.e., private use) even though it results in more than 10 percent of the facility being so used. For example, if 100 percent of a facility is used for a period equal to five percent of the term of the bond such use may not adversely impact the bonds. The question is whether the benefits and burdens of ownership have transferred to the private user, as in the case of a sale, lease or management contract. If these benefits and burdens have not transferred, such use may be disregarded for purposes of private business use. In no event should private business use exceed \$15,000,000.

In addition, if the private use is considered "unrelated or disproportionate" to the governmental purpose for issuance of the bonds, the private business use test is met if the level of the prohibited private use rises to 5 percent. The "unrelated" question turns on the operational relationship between the private use and use for the governmental purpose. In most cases, a related use facility must be located within or adjacent to the related governmental facility, e.g., a privately-operated school cafeteria would be related to the school in which it is located. Whereas, the use of a bond-financed facility as an administrative office building for a catering company that operates cafeterias for a school system would not be a related use of bond proceeds. Nonetheless, even if a use is related, it is disproportionate to the extent that bond proceeds used for the private use will exceed proceeds used for the related governmental use.

III. When are the tests applied to analyze the qualification of a bond?

A bond is tested both (1) on the date of issue, and (2) over the term. The tests are applied to analyze the character of the bond on the date of issue, based on how the issuer expects to use the proceeds and the bond-financed property. This is known as the "**reasonable expectations**" standard. The tests also continuously are applied during the term of the bonds to determine whether there has been a deviation from those expectations. This is known as the "**change of use**" standard. When tested, bonds are viewed on an "issue-by-issue" basis. Generally, bonds secured by the same sources of funds are part of the same "issue" if they are sold within 15 days of one another.

IV. What is the reasonable expectations standard?

The reasonable expectations standard will be the basis on which McCall, Parkhurst & Horton L.L.P., as bond counsel, will render the federal income tax opinion on the bonds. The statement of expectations will be incorporated into the Federal Tax Certificate, previously referred to as the Federal Tax Certificate. The certificate also will contain information about the amounts to be expended on different types of property, e.g., land, buildings, equipment, in order to compute a weighted useful life of the bond-financed property. Based on the information on useful life, the maximum weighted average maturity of the bonds tested to ensure that is restricted to no more than 120 percent of the useful life of the property being financed or refinanced.

V. Change of Use Standard.

The disqualified private business use need not exist on the date of issue. Subsequent use by non-governmental persons also can cause a loss of tax-exemption. Post-issuance "change of use" of bond-financed facilities could result in the loss of the tax-exempt status of the bonds, unless certain elements exist which demonstrate the change was unforeseen. For this purpose, a change in use includes a failure to limit private business use subsequent to the date of issuance of the bonds. A reasonable expectation element requires that, as of the date of issue of the bonds, the governmental unit reasonably have expected to use the proceeds of the issue for qualified facilities for the entire term of the issue. To fall within the safe harbor rules which avoid loss of tax-exempt status the governmental unit must assure that no circumstances be present which indicate an attempt to avoid directly or indirectly the requirements of federal income tax law.

Finally, the safe harbor requires that the governmental unit take remedial action that would satisfy one of the following provisions: redemption of bonds; alternative use of disposition proceeds of a facility that is financed by governmental bonds; or, alternative use of a facility that is financed by governmental bonds. For purposes of the latter two remedial action provisions, the governmental unit has 90 days from the date of the change of use to satisfy the requirements. In addition, there is an exception for small transactions for dispositions at a loss.

VI. Written Procedures.

The Internal Revenue Service ("IRS") has initiated an active audit program intended to investigate the compliance of governmental issuers with the private activity bond rules described herein and the arbitrage rules described in the other memorandum provided to you by our firm. In connection with the expansion of this program, auditors and their supervisors have expressed the viewpoint that each governmental issuer should establish written procedures to assure continuing compliance. Moreover, the IRS is asking issuers to state in a bond issue's informational return (such an 8038-G) whether such procedures have been adopted. The federal tax certificate, together with the attached memoranda and bond covenants can be supplemented by standard written practices adopted by the executive officer or legislative bodies of the issuer. Accordingly, our firm is prepared to advise you with respect to additional practices which we believe would be beneficial in monitoring compliance and taking remedial action in cases of change in use. There is no standard uniform practice for all issuers to adopt because each issuer operates in unique fashion. However, if you wish us to assist you in developing practices which might assist you in complying with the viewpoints expressed by the IRS and its personnel, please contact your bond lawyer at McCall, Parkhurst & Horton LLP.

Disclosure Under IRS Circular 230: McCall Parkhurst & Horton LLP informs you that any tax advice contained in this memorandum, including any attachments, was not intended or written to be used, and cannot be used, for the purpose of avoiding federal tax related penalties or promoting, marketing or recommending to another party any transaction or matter addressed herein.

Exhibit "C"

LAW OFFICES
M^cCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE
SUITE 1800
AUSTIN, TEXAS 78701-3248
TELEPHONE: 512 478-3805
FACSIMILE: 512 472-0871

717 NORTH HARWOOD
SUITE 900
DALLAS, TEXAS 75201-6587
TELEPHONE: 214 754-9200
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700 N. ST. MARY'S STREET
SUITE 1525
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: 210 225-2800
FACSIMILE: 210 225-2984

August 11, 2015

Phil Bray
Director of Finance
City of White Settlement
214 Meadow Park Drive
White Settlement, Texas 76108

Re: City of White Settlement, Texas
Public Property Finance Contractual Obligation, Series 2015

Dear Mr. Bray:

As you know, the City of White Settlement, Texas (the "Issuer") will issue the captioned obligation in order to provide for the refunding of portions of bonds previously issued by the Issuer. As a result of that issuance, the federal income tax laws impose certain restrictions on the investment and expenditure of amounts to be deposited to the interest and sinking fund for the captioned obligation. The purpose of this letter is to set forth, in somewhat less technical language, those provisions of the tax law which require the timely use of bond proceeds and that investment of these amounts be at a yield which is not higher than the yield on the captioned obligation. For this purpose, please refer to line 21(e) of the Form 8038-G included in the transcript of proceedings for the yield on the captioned obligation. Please note that the Form 8038-G has been prepared based on the information provided by or on your behalf by your financial advisor. Accordingly, while we believe that the information is correct you may wish to have the yield confirmed before your rebate consultant or the paying agent attempt to rely on it.

The Issuer has determined that there are no unexpended original and investment proceeds of the outstanding lease deposited to the capital projects fund.

Generally, the federal tax laws provide that, unless excepted, amounts to be deposited to the interest and sinking fund must be invested in obligations the combined yield on which does not exceed the yield on the bonds. Importantly, for purposes of administrative convenience, the bonds, however, have been structured in such a way as to avoid, for the most part, this restriction on investment yield. They also contain certain covenants relating to expenditures of proceeds designed to alert you to unintentional failures to comply with the laws affecting expenditures of proceeds and dispositions of property.

First, the interest and sinking fund is made up of amounts which are received annually for the payment of current debt service on all the Issuer's outstanding bonds. Any taxes or revenues deposited to the interest and sinking fund which are to be used for the payment of current debt service on the captioned obligation, or any other outstanding bonds, are not subject to yield restriction. By definition, current debt

service refers only to debt service to be paid within one year of the date of receipt of these amounts. For the most part, this would be debt service in the current fiscal year. These amounts deposited to the account for current debt service may be invested without regard to any constraint imposed by the federal income tax laws.

Second, a portion of the interest and sinking fund is permitted to be invested without regard to yield restriction as a "minor portion." The "minor portion" exception is available for de minimis amounts of taxes or revenues deposited to the interest and sinking fund. The maximum amount that may be invested as part of this account may not exceed the lesser of five percent of the principal amount of the bonds or \$100,000.

Accordingly, you should review the current balance in the interest and sinking fund in order to determine if such balance exceeds the aggregate amounts discussed above. Additionally, in the future it is important that you be aware of these restrictions as additional amounts are deposited to the fund. The amounts in the fund which are subject to yield restriction would only be the amounts which are in excess of, in the case of the interest and sinking fund, the sum of (1) the current debt service account and (2) the "minor portion" account. Moreover, to the extent that additional bonds are issued by the Issuer, whether for new money projects or for refunding, these amounts will change in their proportion.

The Ordinance contains covenants that require the Issuer to comply with the requirements of the federal tax laws relating to the tax-exempt obligations. The Internal Revenue Service (the "Service") has determined that certain materials, records and information should be retained by the issuers of tax-exempt obligations for the purpose of enabling the Service to confirm the exclusion of the interest on such obligations under the Internal Revenue Code. **Accordingly, the Issuer should retain such materials, records and information for the period beginning on the issue date of the outstanding lease, or, in the case of a sequence of refundings, the issue date of the obligations originally financing the refinanced projects and ending three years after the date the captioned obligation is retired. Please note this federal tax law standard may vary from state law standards.** The material, records and information required to be retained will generally be contained in the transcript of proceedings for the captioned obligation, however, the Issuer should collect and retain additional materials, records and information to ensure the continued compliance with federal tax law requirements. For example, beyond the transcript of proceedings for the bonds, the Issuer should keep schedules evidencing the expenditure of bond proceeds, documents relating to the use of bond-financed property by governmental and any private parties (e.g., leases and management contracts, if any) and schedules pertaining to the investment of bond proceeds. In the event that you have questions relating to record retention, please contact us.

The Service also wants some assurance that any failure to comply with the federal tax laws was not due to an issuer's intentional disregard or gross neglect of the responsibilities imposed on it by the federal tax laws. Therefore, to ensure post-issuance compliance, an issuer should consider adopting formalized written guidelines to help the issuer perform diligence reviews at regular intervals. The goal is for issuers to be able to timely identify and resolve violations of the laws necessary to maintain their obligations' tax-favored status. While the federal tax certificate, together with its attachments, may generally provide a basic written guideline when incorporated in an organizations' operations, the extent to which an organization has appropriate written compliance procedures in place is to be determined on a case-by-case basis. Moreover, the Service has indicated that written procedures should identify the personnel that adopted the procedures, the personnel that is responsible for monitoring compliance, the frequency of compliance check activities, the nature of the compliance check activities undertaken, and the date such procedures were originally adopted and subsequently updated, if applicable. The Service has stated that the adoption of such procedures will be a favorable factor that the Service will consider when determining the amount of any penalty to be imposed on an issuer in the event of an unanticipated and non-curable failure to comply with the tax laws.

Finally, you should notice that the Ordinance contains a covenant that limits the ability of the Issuer to sell or otherwise dispose of bond-financed property for compensation. Beginning for obligations issued after May 15, 1997 (including certain refunding bonds), or in cases in which an issuer elects to apply new private activity bond regulations, such sale or disposition causes the creation of a class of proceeds referred to as "disposition proceeds." Disposition proceeds, like sale proceeds and investment earnings, are tax-restricted funds. Failure to appropriately account, invest or expend such disposition proceeds would adversely affect the tax-exempt status of the bonds. In the event that you anticipate selling property, even in the ordinary course, please contact us.

Obviously, this letter only presents a fundamental discussion of, among other tax rules, the yield restriction rules as applied to amounts deposited to the fund. This letter does not address the rebate consequences with respect to the interest and sinking fund. You should review the memorandum attached to the Federal Tax Certificate as Exhibit "A" for this purpose. If you have certain concerns with respect to the matters discussed in this letter or wish to ask additional questions with regards to certain limitations imposed, please feel free to contact our firm. Thank you for your consideration and we look forward to our continued relationship.

Very truly yours,

McCALL, PARKHURST & HORTON L.L.P

cc: Leroy Grawunder

Exhibit "D"

ISSUE PRICE CERTIFICATE

The undersigned, as the duly authorized representative of Compass Mortgage Corporation (the "Purchaser") of the Public Property Finance Contractual Obligation, Series 2015 (the "Obligation") issued by the City of White Settlement, Texas (the "Issuer"), hereby certifies and represents on behalf of the Purchaser, but not in his/her own right, based on its records and information available to it that it believes, after reasonable inquiry, to be accurate and complete as of the date hereof, as follows:

The Obligation have been purchased by the Purchaser, who is acquiring as the first buyer of the Obligation and not for the present purposes of resale, at a purchase price equal to 100 percent of the stated principal amount thereof. The Purchaser neither has nor will offer the Obligation to the public. The Purchaser is not acquiring the Obligation from the Issuer in consideration for the payment of property, other than money.

The undersigned understands that the representations made in this Issue Price Certificate will be relied upon, by the Issuer with respect to certain of the representations set forth in this Federal Tax Certificate and by McCall, Parkhurst & Horton L.L.P. (i) in connection with rendering its opinion to the Issuer that interest on the Obligation is excludable from gross income thereof for income tax purposes, and (ii) for purposes of completing the IRS Form 8038-G. The undersigned is certifying only as to facts in existence on the date hereof. Nothing herein represents the undersigned's interpretation of any laws or the application of any laws to these facts.

EXECUTED and DELIVERED as of this September 10, 2015.

COMPASS MORTGAGE CORPORATION

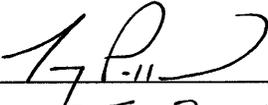
By: 
Name: Troy Ballard
Title: SVP

Exhibit "E"

SCHEDULES OF FINANCIAL ADVISOR

[To be attached hereto]

SOURCES AND USES OF FUNDS

City of White Settlement, Texas
\$710,000 Public Property Finance Contractual Obligations, Series 2015
(Refunding Fire Truck Lease: \$677,886.27)
Compass Mortgage Corporation Tax-Exempt Rate of 3.07% as of 07/29/2015
(AA-)

***** Final Numbers *****

Dated Date 09/10/2015
 Delivery Date 09/10/2015

Sources:

Bond Proceeds:	
Par Amount	710,000.00
<hr/>	
	710,000.00
<hr/>	

Uses:

Project Fund Deposits:	
Project Fund	677,886.27
Delivery Date Expenses:	
Cost of Issuance	32,113.73
<hr/>	
	710,000.00
<hr/>	

Note: Final

BOND SUMMARY STATISTICS

City of White Settlement, Texas
\$710,000 Public Property Finance Contractual Obligations, Series 2015
(Refunding Fire Truck Lease: \$677,886.27)
Compass Mortgage Corporation Tax-Exempt Rate of 3.07% as of 07/29/2015
(AA-)
***** Final Numbers *****

Dated Date	09/10/2015
Delivery Date	09/10/2015
First Coupon	02/15/2016
Last Maturity	02/15/2028
Arbitrage Yield	3.070232%
True Interest Cost (TIC)	3.070232%
Net Interest Cost (NIC)	3.070000%
All-In TIC	3.854397%
Average Coupon	3.070000%
Average Life (years)	6.853
Weighted Average Maturity (years)	6.853
Duration of Issue (years)	6.057
Par Amount	710,000.00
Bond Proceeds	710,000.00
Total Interest	149,376.82
Net Interest	149,376.82
Bond Years from Dated Date	4,865,694.44
Bond Years from Delivery Date	4,865,694.44
Total Debt Service	859,376.82
Maximum Annual Debt Service	68,584.75
Average Annual Debt Service	69,134.22
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	
Total Underwriter's Discount	
Bid Price	100.000000

Bond Component	Par Value	Price	Average Coupon	Average Life	PV of 1 bp change
Serial Bond	710,000.00	100.000	3.070%	6.853	424.30
	710,000.00			6.853	424.30

	TIC	All-In TIC	Arbitrage Yield
Par Value	710,000.00	710,000.00	710,000.00
+ Accrued Interest			
+ Premium (Discount)			
- Underwriter's Discount			
- Cost of Issuance Expense		-32,113.73	
- Other Amounts			
Target Value	710,000.00	677,886.27	710,000.00
Target Date	09/10/2015	09/10/2015	09/10/2015
Yield	3.070232%	3.854397%	3.070232%

BOND SUMMARY STATISTICS

City of White Settlement, Texas
\$710,000 Public Property Finance Contractual Obligations, Series 2015
(Refunding Fire Truck Lease: \$677,886.27)
Compass Mortgage Corporation Tax-Exempt Rate of 3.07% as of 07/29/2015
(AA-)
***** Final Numbers *****

Note: Final

BOND DEBT SERVICE

City of White Settlement, Texas
\$710,000 Public Property Finance Contractual Obligations, Series 2015
(Refunding Fire Truck Lease: \$677,886.27)
Compass Mortgage Corporation Tax-Exempt Rate of 3.07% as of 07/29/2015
(AA-)

*** Final Numbers ***

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
02/15/2016	45,000	3.070%	9,384.82	54,384.82	
08/15/2016			10,207.75	10,207.75	
09/30/2016					64,592.57
02/15/2017	45,000	3.070%	10,207.75	55,207.75	
08/15/2017			9,517.00	9,517.00	
09/30/2017					64,724.75
02/15/2018	50,000	3.070%	9,517.00	59,517.00	
08/15/2018			8,749.50	8,749.50	
09/30/2018					68,266.50
02/15/2019	50,000	3.070%	8,749.50	58,749.50	
08/15/2019			7,982.00	7,982.00	
09/30/2019					66,731.50
02/15/2020	50,000	3.070%	7,982.00	57,982.00	
08/15/2020			7,214.50	7,214.50	
09/30/2020					65,196.50
02/15/2021	55,000	3.070%	7,214.50	62,214.50	
08/15/2021			6,370.25	6,370.25	
09/30/2021					68,584.75
02/15/2022	55,000	3.070%	6,370.25	61,370.25	
08/15/2022			5,526.00	5,526.00	
09/30/2022					66,896.25
02/15/2023	55,000	3.070%	5,526.00	60,526.00	
08/15/2023			4,681.75	4,681.75	
09/30/2023					65,207.75
02/15/2024	55,000	3.070%	4,681.75	59,681.75	
08/15/2024			3,837.50	3,837.50	
09/30/2024					63,519.25
02/15/2025	60,000	3.070%	3,837.50	63,837.50	
08/15/2025			2,916.50	2,916.50	
09/30/2025					66,754.00
02/15/2026	60,000	3.070%	2,916.50	62,916.50	
08/15/2026			1,995.50	1,995.50	
09/30/2026					64,912.00
02/15/2027	65,000	3.070%	1,995.50	66,995.50	
08/15/2027			997.75	997.75	
09/30/2027					67,993.25
02/15/2028	65,000	3.070%	997.75	65,997.75	
09/30/2028					65,997.75
	710,000		149,376.82	859,376.82	859,376.82

Note: Final

BOND DEBT SERVICE

City of White Settlement, Texas
\$710,000 Public Property Finance Contractual Obligations, Series 2015
(Refunding Fire Truck Lease: \$677,886.27)
Compass Mortgage Corporation Tax-Exempt Rate of 3.07% as of 07/29/2015
(AA-)
***** Final Numbers *****

Period Ending	Principal	Coupon	Interest	Debt Service
09/30/2016	45,000	3.070%	19,592.57	64,592.57
09/30/2017	45,000	3.070%	19,724.75	64,724.75
09/30/2018	50,000	3.070%	18,266.50	68,266.50
09/30/2019	50,000	3.070%	16,731.50	66,731.50
09/30/2020	50,000	3.070%	15,196.50	65,196.50
09/30/2021	55,000	3.070%	13,584.75	68,584.75
09/30/2022	55,000	3.070%	11,896.25	66,896.25
09/30/2023	55,000	3.070%	10,207.75	65,207.75
09/30/2024	55,000	3.070%	8,519.25	63,519.25
09/30/2025	60,000	3.070%	6,754.00	66,754.00
09/30/2026	60,000	3.070%	4,912.00	64,912.00
09/30/2027	65,000	3.070%	2,993.25	67,993.25
09/30/2028	65,000	3.070%	997.75	65,997.75
	710,000		149,376.82	859,376.82

Note: Final

BOND PRICING

City of White Settlement, Texas
\$710,000 Public Property Finance Contractual Obligations, Series 2015
(Refunding Fire Truck Lease: \$677,886.27)
Compass Mortgage Corporation Tax-Exempt Rate of 3.07% as of 07/29/2015
(AA-)
***** Final Numbers *****

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Principal Cost
Serial Bond:						
	02/15/2016	45,000	3.070%	3.070%	100.000	45,000.00
	02/15/2017	45,000	3.070%	3.070%	100.000	45,000.00
	02/15/2018	50,000	3.070%	3.070%	100.000	50,000.00
	02/15/2019	50,000	3.070%	3.070%	100.000	50,000.00
	02/15/2020	50,000	3.070%	3.070%	100.000	50,000.00
	02/15/2021	55,000	3.070%	3.070%	100.000	55,000.00
	02/15/2022	55,000	3.070%	3.070%	100.000	55,000.00
	02/15/2023	55,000	3.070%	3.070%	100.000	55,000.00
	02/15/2024	55,000	3.070%	3.070%	100.000	55,000.00
	02/15/2025	60,000	3.070%	3.070%	100.000	60,000.00
	02/15/2026	60,000	3.070%	3.070%	100.000	60,000.00
	02/15/2027	65,000	3.070%	3.070%	100.000	65,000.00
	02/15/2028	65,000	3.070%	3.070%	100.000	65,000.00
		710,000				710,000.00

Dated Date	09/10/2015	
Delivery Date	09/10/2015	
First Coupon	02/15/2016	
Par Amount	710,000.00	
Original Issue Discount		
Production	710,000.00	100.000000%
Underwriter's Discount		
Purchase Price	710,000.00	100.000000%
Accrued Interest		
Net Proceeds	710,000.00	

Note: Final

COST OF ISSUANCE

City of White Settlement, Texas
\$710,000 Public Property Finance Contractual Obligations, Series 2015
(Refunding Fire Truck Lease: \$677,886.27)
Compass Mortgage Corporation Tax-Exempt Rate of 3.07% as of 07/29/2015
(AA-)
***** Final Numbers *****

Cost of Issuance	\$/1000	Amount
Financial Advisor Fee	26.64789	18,920.00
Bond Counsel Fee	10.56338	7,500.00
Attorney General Fee	1.05634	750.00
MAC Fee	0.66338	471.00
Bank Counsel Fee	3.52113	2,500.00
Other	2.77849	1,972.73
	45.23061	32,113.73

Note: Final

FORM 8038 STATISTICS

City of White Settlement, Texas
 \$710,000 Public Property Finance Contractual Obligations, Series 2015
 (Refunding Fire Truck Lease: \$677,886.27)
 Compass Mortgage Corporation Tax-Exempt Rate of 3.07% as of 07/29/2015
 (AA-)

*** Final Numbers ***

Dated Date 09/10/2015
 Delivery Date 09/10/2015

Bond Component	Date	Principal	Coupon	Price	Issue Price	Redemption at Maturity
Serial Bond:						
	02/15/2016	45,000.00	3.070%	100.000	45,000.00	45,000.00
	02/15/2017	45,000.00	3.070%	100.000	45,000.00	45,000.00
	02/15/2018	50,000.00	3.070%	100.000	50,000.00	50,000.00
	02/15/2019	50,000.00	3.070%	100.000	50,000.00	50,000.00
	02/15/2020	50,000.00	3.070%	100.000	50,000.00	50,000.00
	02/15/2021	55,000.00	3.070%	100.000	55,000.00	55,000.00
	02/15/2022	55,000.00	3.070%	100.000	55,000.00	55,000.00
	02/15/2023	55,000.00	3.070%	100.000	55,000.00	55,000.00
	02/15/2024	55,000.00	3.070%	100.000	55,000.00	55,000.00
	02/15/2025	60,000.00	3.070%	100.000	60,000.00	60,000.00
	02/15/2026	60,000.00	3.070%	100.000	60,000.00	60,000.00
	02/15/2027	65,000.00	3.070%	100.000	65,000.00	65,000.00
	02/15/2028	65,000.00	3.070%	100.000	65,000.00	65,000.00
		710,000.00			710,000.00	710,000.00

	Maturity Date	Interest Rate	Issue Price	Stated Redemption at Maturity	Weighted Average Maturity	Yield
Final Maturity	02/15/2028	3.070%	65,000.00	65,000.00		
Entire Issue			710,000.00	710,000.00	6.8531	3.0702%

Proceeds used for accrued interest	0.00
Proceeds used for bond issuance costs (including underwriters' discount)	32,113.73
Proceeds used for credit enhancement	0.00
Proceeds allocated to reasonably required reserve or replacement fund	0.00

Note: Final

PROOF OF ARBITRAGE YIELD

City of White Settlement, Texas
\$710,000 Public Property Finance Contractual Obligations, Series 2015
(Refunding Fire Truck Lease: \$677,886.27)
Compass Mortgage Corporation Tax-Exempt Rate of 3.07% as of 07/29/2015
(AA-)

*** Final Numbers ***

Date	Debt Service	Present Value to 09/10/2015 @ 3.0702317666%
02/15/2016	54,384.82	53,676.03
08/15/2016	10,207.75	9,922.39
02/15/2017	55,207.75	52,853.06
08/15/2017	9,517.00	8,973.34
02/15/2018	59,517.00	55,268.62
08/15/2018	8,749.50	8,002.11
02/15/2019	58,749.50	52,918.71
08/15/2019	7,982.00	7,081.10
02/15/2020	57,982.00	50,660.06
08/15/2020	7,214.50	6,208.15
02/15/2021	62,214.50	52,726.82
08/15/2021	6,370.25	5,317.17
02/15/2022	61,370.25	50,450.48
08/15/2022	5,526.00	4,474.06
02/15/2023	60,526.00	48,263.28
08/15/2023	4,681.75	3,676.77
02/15/2024	59,681.75	46,161.92
08/15/2024	3,837.50	2,923.31
02/15/2025	63,837.50	47,894.51
08/15/2025	2,916.50	2,155.04
02/15/2026	62,916.50	45,786.96
08/15/2026	1,995.50	1,430.25
02/15/2027	66,995.50	47,292.29
08/15/2027	997.75	693.67
02/15/2028	65,997.75	45,189.90
	859,376.82	710,000.00

Proceeds Summary

Delivery date	09/10/2015
Par Value	710,000.00
Target for yield calculation	710,000.00

Note: Final

LAW OFFICES

McCALL, PARKHURST & HORTON L.L.P.

600 CONGRESS AVENUE
SUITE 1800
AUSTIN, TEXAS 78701-3248
TELEPHONE: (512) 478-3805
FACSIMILE: (512) 472-0871

717 NORTH HARWOOD
SUITE 900
DALLAS, TEXAS 75201-6587
TELEPHONE: (214) 754-9200
FACSIMILE: (214) 754-9250

700 N. ST. MARY'S STREET
SUITE 1525
SAN ANTONIO, TEXAS 78205-3503
TELEPHONE: (210) 225-2800
FACSIMILE: (210) 225-2984

October 21, 2015

VIA UPS 2ND DAY AIR 1Z56404W0297787840

Internal Revenue Service Center
1973 North Rulon White Boulevard
Ogden, Utah 84201-1000

Re: Information Reporting - Tax-Exempt Bonds
City of White Settlement, Texas
Public Property Finance Contractual Obligation, Series 2015

Ladies and Gentlemen:

Pursuant to the requirements of Section 149(e) of the Internal Revenue Code of 1986, enclosed please find an original of Form 8038-G which is hereby submitted to you for the above-captioned bonds issued September 10, 2015.

Sincerely,

McCALL, PARKHURST & HORTON L.L.P.



Stefano Taverna

ST: gv
Enclosures
cc: Leroy Grawunder, Jr.

Information Return for Tax-Exempt Governmental Obligations

► Under Internal Revenue Code section 149(e)
 ► See separate instructions.

Caution: If the issue price is under \$100,000, use Form 8038-GC.

OMB No. 1545-0720

Part I Reporting Authority		If Amended Return, check here <input type="checkbox"/>	
1 Issuer's name White Settlement, Texas (City of)		2 Issuer's employer identification number (EIN) 75-6000711	
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions) None		3b Telephone number of other person shown on 3a N/A	
4 Number and street (or P.O. box if mail is not delivered to street address) 214 Meadow Park Drive	Room/suite	5 Report number (For IRS Use Only) 3	
6 City, town, or post office, state, and ZIP code White Settlement, Texas 76108		7 Date of issue 09/10/2015	
8 Name of issue Public Property Finance Contractual Obligation, Series 2015		9 CUSIP number None	
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Phil Bray, Director of Finance		10b Telephone number of officer or other employee shown on 10a (817) 246-4971	

Part II Type of Issue (enter the issue price). See the instructions and attach schedule.	
11 Education	11
12 Health and hospital	12
13 Transportation	13
14 Public safety	14 710,000
15 Environment (including sewage bonds)	15
16 Housing	16
17 Utilities	17
18 Other. Describe ►	18
19 If obligations are TANs or RANs, check only box 19a <input type="checkbox"/>	
If obligations are BANs, check only box 19b <input type="checkbox"/>	
20 If obligations are in the form of a lease or installment sale, check box <input type="checkbox"/>	

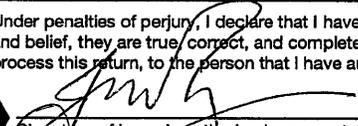
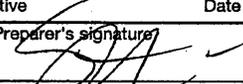
Part III Description of Obligations. Complete for the entire issue for which this form is being filed.					
	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	02/15/2028	\$ 710,000	\$ 710,000	6.85 years	3.0702 %

Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)					
22	Proceeds used for accrued interest	22	-0-		
23	Issue price of entire issue (enter amount from line 21, column (b))	23	710,000		
24	Proceeds used for bond issuance costs (including underwriters' discount)	24	32,114		
25	Proceeds used for credit enhancement	25	-0-		
26	Proceeds allocated to reasonably required reserve or replacement fund	26	-0-		
27	Proceeds used to currently refund prior issues	27	677,886		
28	Proceeds used to advance refund prior issues	28	-0-		
29	Total (add lines 24 through 28)	29	710,000		
30	Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here)	30	-0-		

Part V Description of Refunded Bonds. Complete this part only for refunding bonds.	
31	Enter the remaining weighted average maturity of the bonds to be currently refunded 4.75 years
32	Enter the remaining weighted average maturity of the bonds to be advance refunded N/A years
33	Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) 10/16/2015
34	Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY) 09/16/2013

Part VI Miscellaneous

35	Enter the amount of the state volume cap allocated to the issue under section 141(b)(5)	35	-0-
36a	Enter the amount of gross proceeds invested or to be invested in a guaranteed investment contract (GIC) (see instructions)	36a	-0-
b	Enter the final maturity date of the GIC ▶ _____		
c	Enter the name of the GIC provider ▶ _____		
37	Pooled financings: Enter the amount of the proceeds of this issue that are to be used to make loans to other governmental units	37	-0-
38a	If this issue is a loan made from the proceeds of another tax-exempt issue, check box <input type="checkbox"/> and enter the following information:		
b	Enter the date of the master pool obligation ▶ _____		
c	Enter the EIN of the issuer of the master pool obligation ▶ _____		
d	Enter the name of the issuer of the master pool obligation ▶ _____		
39	If the issuer has designated the issue under section 265(b)(3)(B)(i)(III) (small issuer exception), check box		<input type="checkbox"/>
40	If the issuer has elected to pay a penalty in lieu of arbitrage rebate, check box		<input type="checkbox"/>
41a	If the issuer has identified a hedge, check here <input type="checkbox"/> and enter the following information:		
b	Name of hedge provider ▶ _____		
c	Type of hedge ▶ _____		
d	Term of hedge ▶ _____		
42	If the issuer has superintegrated the hedge, check box		<input type="checkbox"/>
43	If the issuer has established written procedures to ensure that all nonqualified bonds of this issue are remediated according to the requirements under the Code and Regulations (see instructions), check box		<input checked="" type="checkbox"/>
44	If the issuer has established written procedures to monitor the requirements of section 148, check box		<input checked="" type="checkbox"/>
45a	If some portion of the proceeds was used to reimburse expenditures, check here <input type="checkbox"/> and enter the amount of reimbursement ▶ _____		
b	Enter the date the official intent was adopted ▶ _____		

Signature and Consent	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
		09/10/2015	Jim Ryan, City Manager	
Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Stefano Taverna		09/10/2015	PTIN P01067358
	Firm's name ▶ McCall, Parkhurst & Horton L.L.P.	Firm's EIN ▶ 75-0799392		
	Firm's address ▶ 717 N. Harwood, Suite 900, Dallas, TX 75201	Phone no. 214-754-9200		

White Settlement, Texas

August 11, 2015

Compass Bank
8080 North Central Expressway, Suite 370
Dallas, Texas 75206

Re: \$710,000 City of White Settlement, Texas Public Property Finance Contractual Obligation,
Series 2015

Ladies and Gentlemen:

The Issuer and the Purchaser of the captioned Obligation have designated your bank as the place, and as their agent, for the delivery and payment of the Obligation. The Obligation will be sent to you in the near future, together with a certified copy of the Ordinance authorizing the issuance of the Obligation.

Upon your receipt of the final unqualified approving legal opinion of McCall, Parkhurst & Horton L.L.P., Attorneys at Law, 717 North Harwood Street, Suite 900, Dallas, Texas 75201 as to the validity of the Obligation, you are authorized and directed to deliver the Obligation to the Purchaser thereof, to-wit:

COMPASS MORTGAGE CORPORATION,
an Alabama Corporation

when you have received payment for the Obligation, in immediately available funds, in the sum of \$710,000 as set forth in the attached closing memorandum.

You are further authorized and directed to cause the proceeds of the above-referenced Obligation to be distributed and deposited, and the Obligation to be delivered to the Purchaser and the closing documents to be dated and distributed, in accordance with the attached Closing Memorandum

Enclosed herewith is one signed but undated copy of each of the General and No-Litigation Certificate, Closing Certificate and Issuer's Receipt of Payment for said Obligation. You are hereby authorized and directed to date all copies of each of said documents concurrently with the date of delivery and payment for the Obligation. If any litigation or contest should develop or be filed, or if any event should occur, or any knowledge should come to our attention, which would change or affect the veracity of the statements and representations contained in any of said documents, the undersigned will notify you thereof immediately by telephone. With this assurance you can rely on the absence of any such litigation, contest, event, or knowledge, and on the veracity and currency of each of said documents at the time of delivery of and payment for the Obligation, unless you are notified otherwise as aforesaid. After all copies of each of said documents have been dated in accordance with the foregoing instructions, please send all of them to McCall, Parkhurst & Horton.

Sincerely,

CITY OF WHITE SETTLEMENT, TEXAS

By: Ronald A. White
Mayor



777 Main Street
Suite 1200
Fort Worth, Texas 76102

817-332-9710 Direct
817-336-5572 Fax

Laura B. Alexander
Managing Director

laura.alexander@firstsw.com

September 4, 2015

Mr. Phil Bray
Director of Finance
City of White Settlement
214 Meadow Park Dr.
White Settlement, TX 76108

Mr. Leroy Grawunder
McCall, Parkhurst & Horton
717 N. Harwood, Suite 900
Dallas, TX 75201

Mr. Troy Pollard
BBVA Compass
8080 N. Central Expressway, #370
Dallas, TX 75206

RE: Closing instructions with respect to \$710,000 City of White Settlement, Texas Public Property Finance Contractual Obligations, Series 2015 (the "Contractual Obligations")

Gentlemen:

Payment for the above referenced Contractual Obligations is scheduled to occur at 10:00 AM, CDT on September 10, 2015 (the "Closing Date"), and payment therefor is to occur at the offices of Compass Mortgage Corporation ("Compass" or the "Purchaser"). Compass will act as its own Paying Agent.

On the Closing Date funds will be disbursed from the Purchaser as follows:

<u>Total Sources of Funds:</u>	<u>\$ 710,000.00</u>
<u>Uses:</u>	
Deposit to Project Fund	\$ 677,886.27
Cost of Issuance	<u>32,113.73</u>
<u>Total Uses of Funds:</u>	<u>\$ 710,000.00</u>

On the Closing Date the Purchaser will retain funds for the payment of Bank Counsel and Municipal Advisory Counsel fees in the amount of.....\$ 2,855.00

On the Closing Date, Compass, as Paying Agent, is instructed to disburse and expend funds described as follows:

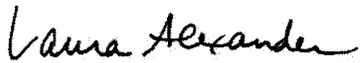
- A. Transmit by wire funds to BBVA Compass, ABA #113010547, SWIFT Code: CPASUS44, Beneficiary Name: City of White Settlement, Account Number: 0051519620, to be deposited to the Project Fund for the Contractual Obligations\$ 677,886.27

B. Transmit by wire transfer to The Bank of New York, ABA #021000018, FBO First Southwest Company, Account #890-0271-779, Attention: Joe Brawner, re: City of White Settlement, Texas (0327-012), for payment of costs of issuance.....\$ 29,258.73

Total Funds to be Disbursed.....\$ 710,000.00

Your cooperation regarding the wiring, receipt and disbursement of funds in accordance with this letter is greatly appreciated. Should you have any further questions, please advise me at (817) 332-9710.

Sincerely yours,



Laura B. Alexander
Managing Director

cc: Mr. David Medanich
Mr. Jack Addams
Mr. Joe Brawner
First Southwest Company

RECEIPT AND DELIVERY CERTIFICATE

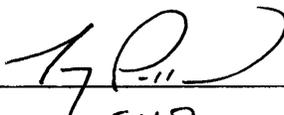
The undersigned, authorized representative of Compass Bank, as Paying Agent/Registrar with respect to City of White Settlement, Texas Public Property Finance Contractual Obligation, Series 2015 (the "Obligations"), in the aggregate principal amount of \$710,000, hereby:

1. Acknowledges (i) receipt from the Purchaser of the Obligations, Compass Mortgage Corporation, an Alabama Corporation (the "Purchaser"), of \$710,000, representing the aggregate principal amount of the Obligations, being the purchase price for said Obligations as set forth in the closing instructions attached hereto (the "Closing Instructions") prepared by First Southwest Company, LLC, financial advisor to the City of White Settlement, Texas, and (ii) the disposition of said purchase price in accordance with the Closing Instructions; and

2. Certifies that Obligation No. T-1, registered by the Comptroller of Public Accounts of the State of Texas and representing the aggregate principal amount of said issue of Obligations, was delivered to or upon the order of the Purchaser and duly canceled this date by an authorized officer of the undersigned Paying Agent/Registrar upon delivery of definitive Obligations of said aggregate principal amount to or upon the order of said Purchaser.

DATED: 9/10/2015.

COMPASS BANK
as Paying Agent/Registrar

By: 
Title: SVP



777 Main Street
Suite 1200
Fort Worth, Texas 76102

817-332-9710 Direct
817-336-5572 Fax

Laura B. Alexander
Managing Director

laura.alexander@firstsw.com

September 4, 2015

Mr. Phil Bray
Director of Finance
City of White Settlement
214 Meadow Park Dr.
White Settlement, TX 76108

Mr. Leroy Grawunder
McCall, Parkhurst & Horton
717 N. Harwood, Suite 900
Dallas, TX 75201

Mr. Troy Pollard
BBVA Compass
8080 N. Central Expressway, #370
Dallas, TX 75206

RE: Closing instructions with respect to \$710,000 City of White Settlement, Texas Public Property Finance Contractual Obligations, Series 2015 (the "Contractual Obligations")

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Payment for the above referenced Contractual Obligations is scheduled to occur at 10:00 AM, CDT on September 10, 2015 (the "Closing Date"), and payment therefor is to occur at the offices of Compass Mortgage Corporation ("Compass" or the "Purchaser"). Compass will act as its own Paying Agent.

On the Closing Date funds will be disbursed from the Purchaser as follows:

<u>Total Sources of Funds:</u>	<u>\$ 710,000.00</u>
<u>Uses:</u>	
Deposit to Project Fund	\$ 677,886.27
Cost of Issuance	<u>32,113.73</u>
<u>Total Uses of Funds:</u>	<u>\$ 710,000.00</u>

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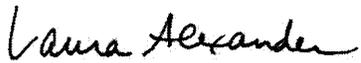
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Total Funds to be Disbursed.....\$ 710,000.00

Your cooperation regarding the wiring, receipt and disbursement of funds in accordance with this letter is greatly appreciated. Should you have any further questions, please advise me at (817) 332-9710.

Sincerely yours,



Laura B. Alexander
Managing Director

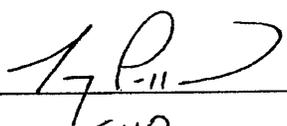
cc: Mr. David Medanich
Mr. Jack Addams
Mr. Joe Brawner
First Southwest Company

PURCHASER'S RECEIPT

The undersigned, acting as the authorized representative of Compass Mortgage Corporation, an Alabama Corporation, with respect to the hereinafter described Obligations, hereby acknowledges receipt from City of White Settlement, Texas, of \$710,000 principal amount of the City of White Settlement, Texas Public Property Finance Contractual Obligation, Series 2015.

DATED: 9/10/2015.

COMPASS MORTGAGE CORPORATION

By: 
Title: SVP

ISSUER'S RECEIPT OF PAYMENT

The undersigned hereby certifies the following information:

- (a) This certificate is executed and delivered with reference to the City of White Settlement, Texas Public Property Finance Contractual Obligation, Series 2015, in the aggregate principal amount of \$710,000 (the "Obligations"), issued by City of White Settlement, Texas (the "City").
- (b) The undersigned is the duly chosen, qualified and acting officer of the City hereinafter indicated.
- (c) The Obligations have been duly delivered to the purchaser thereof, Compass Mortgage Corporation, an Alabama Corporation, as set forth in the ordinance authorizing the issuance and sale of the Obligations.
- (d) The Obligations have been paid for in full by said purchaser concurrently with the delivery of this certificate, and the City has received, and hereby acknowledges receipt of, the agreed purchase price for the Obligations.

EXECUTED AND DELIVERED this September 10, 2015



Mayor

City of White Settlement, Texas

NO. R-__

UNITED STATES OF AMERICA
STATE OF TEXAS

PRINCIPAL
AMOUNT
\$ _____

CITY OF WHITE SETTLEMENT, TEXAS
PUBLIC PROPERTY FINANCE CONTRACTUAL OBLIGATION
SERIES 2015

<u>Interest Rate</u>	<u>Delivery Date</u>
_____	_____

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____

The City of White Settlement, in Tarrant County, Texas (the "Issuer"), being a political subdivision of the State of Texas, for value received, promises to pay, from the sources described herein, to the registered owner specified above, or registered assigns (the "Registered Owner"), the principal amount specified above, and to pay interest thereon, from the Delivery Date set forth above, on the balance of said principal amount from time to time remaining unpaid, at the rates per annum for each principal installment as set forth in the table below, calculated on the basis of a 360-day year of twelve 30-day months. The unpaid principal of this Contractual Obligation shall mature and shall be payable in installments on the dates and in the amounts set forth in the table below:

<u>Payment Date</u>	<u>Principal Installment</u>	<u>Interest Rate</u>
February 15, 2016	\$ 45,000	3.070%
February 15, 2017	45,000	3.070%
February 15, 2018	50,000	3.070%
February 15, 2019	50,000	3.070%
February 15, 2020	50,000	3.070%
February 15, 2021	55,000	3.070%
February 15, 2022	55,000	3.070%
February 15, 2023	55,000	3.070%
February 15, 2024	55,000	3.070%
February 15, 2025	60,000	3.070%
February 15, 2026	60,000	3.070%
February 15, 2027	65,000	3.070%
February 15, 2028	65,000	3.070%

THE PRINCIPAL OF AND INTEREST ON THIS CONTRACTUAL OBLIGATION are payable in lawful money of the United States of America, without exchange or collection charges. The Issuer shall pay interest on this Contractual Obligation on February 15, 2016, and on each August 15 and February 15 thereafter to the date of maturity. The last principal installment of this Contractual Obligation shall be paid to the registered owner hereof upon presentation and surrender of this Contractual Obligation at maturity at

the principal office of Compass Bank, Dallas, Texas, which is the "Paying Agent/Registrar" for this Contractual Obligation. The payment of all other principal installments of and interest on this Contractual Obligation shall be made by the Paying Agent/Registrar to the registered owner hereof on each principal and interest payment date by check or draft, dated as of such principal and interest payment date, drawn by the Paying Agent/Registrar on, and payable solely from, funds of the Issuer required by the ordinance authorizing the issuance of this Contractual Obligation (the "Contractual Obligation Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided; and such check or draft shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, on each such interest payment date, to the registered owner hereof, at its address as it appeared on the last business day of the month next preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar, as hereinafter described. In addition, principal and interest may be paid by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the registered owner.

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

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

THIS CONTRACTUAL OBLIGATION is dated August 11, 2015, authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$710,000 for the purpose of paying all or a portion of the Issuer's contractual obligations to be incurred in connection with the acquisition or purchase of personal property, in accordance with the provisions of the Public Property Finance Act, Chapter 271, Subchapter A, Texas Local Government Code, and to pay the costs of issuance incurred in connection with the issuance of the Contractual Obligation.

ON FEBRUARY 15, 2020, OR ANY DATE THEREAFTER, the unpaid principal installments of this Contractual Obligation may be redeemed prior to their scheduled due dates, at the option of the Issuer, with funds derived from any available and lawful source, in whole or in part, at a redemption price equal to the principal amount to be redeemed, plus accrued interest to the date fixed for redemption.

AT LEAST 20 DAYS PRIOR to the date fixed for any optional redemption of the Contractual Obligation or portions thereof prior to maturity a written notice of such redemption shall be sent by the Paying Agent/Registrar by United States mail, first-class postage prepaid, to the Registered Owner of the Contractual Obligation at its address as it appeared on the Registration Books on the day such notice of redemption is

mailed; provided, however, that the failure of the Registered Owner to receive such notice, or any defect therein or in the sending or mailing thereof, shall not affect the validity or effectiveness of the proceedings for the redemption of this Contractual Obligation. By the date fixed for any such redemption, due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Contractual Obligation or portions thereof which are to be so redeemed. If such written notice of redemption is sent and if due provision for such payment is made, all as provided above, the Contractual Obligation or portions thereof which are to be so redeemed thereby automatically shall be treated as redeemed prior to its scheduled maturity, and shall not bear interest after the date fixed for redemption, and shall not be regarded as being outstanding except for the right of the Registered Owner to receive the redemption price from the Paying Agent/Registrar out of the funds provided for such payment.

UPON THE PREPAYMENT or redemption of this Contractual Obligation, the Paying Agent/Registrar, shall note in the Payment Record appearing on this Contractual Obligation the amount of such prepayment, the date said payment was made and the remaining unpaid principal balance of this Contractual Obligation and shall then have said entry signed by an authorized official of the Paying Agent/Registrar. The Paying Agent/Registrar shall also record such information in the Registration Books, and the Paying Agent/Registrar shall also record in the Registration Books and on the Payment Record all payments of principal installments on such Contractual Obligation when made on their respective due dates.

THIS CONTRACTUAL OBLIGATION IS ISSUABLE in the form of one fully-registered Contractual Obligation without coupons in the denomination of \$710,000. This Contractual Obligation may be transferred or exchanged as provided in the Contractual Obligation Ordinance, only upon the registration books kept for that purpose at the above-mentioned office of the Paying Agent/Registrar upon surrender of this Contractual Obligation together with a written instrument of transfer or authorization for exchange satisfactory to the Paying Agent/Registrar and duly executed by the registered owner or his duly authorized attorney, and thereupon a new Contractual Obligation of the same maturity and in the same aggregate principal amount shall be issued by the Paying Agent/Registrar to the transferee in exchange therefor as provided in the Contractual Obligation Ordinance, and upon payment of the charges therein prescribed. The Issuer and the Paying Agent/Registrar may deem and treat the person in whose name this Contractual Obligation is registered as the absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes. The Paying Agent/Registrar shall not be required to make any such transfer or exchange during the period commencing with the close of business on any Record Date and ending with the opening of business on the next following principal or interest payment date.

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

THIS CONTRACTUAL OBLIGATION SHALL NOT BE VALID or become obligatory for any purpose or be entitled to any security or benefit under the Contractual Obligation Ordinance until the Certificate of Authentication shall have been executed by the Paying Agent/Registrar or the Comptroller's Registration Certificate hereon shall have been executed by the Texas Comptroller of Public Accounts.

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

THE ISSUER HAS RESERVED THE RIGHT to amend the Contractual Obligation Ordinance as provided therein, and under some (but not all) circumstances amendments thereto must be approved by the registered owner of the Contractual Obligation.

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

SPECIMEN

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

(Signature)
City Secretary

(Signature)
Mayor

(SEAL)

SPECIMEN

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

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

Dated: _____.

COMPASS BANK
Dallas, Texas
Paying Agent/Registrar

By: _____
Authorized Representative

ASSIGNMENT
(Please type or print clearly)

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

Transferee's Social Security or Taxpayer Identification Number: _____

Transferee's name and address, including zip code: _____

_____ the within Contractual Obligation and all rights thereunder, and hereby irrevocably constitutes and appoints

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

Dated: _____.

Signature Guaranteed:

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

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

PAYMENT RECORD

Date of Payment	Principal Payment (amount and installment(s) to which payment is applied)	Remaining Principal Balance	Name and Title of Authorized Officer making Entry	Signature of Authorized Officer

SPECIMEN

LAW OFFICES

MCCALL, PARKHURST & HORTON L.L.P.

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September 10, 2015

City of White Settlement, Texas
214 Meadow Park
White Settlement, Texas 76108

Compass Mortgage Corporation, an Alabama Corporation
8080 N. Central Expressway, Suite 370
Dallas, Texas 75206

Re: \$710,000 City of White Settlement, Texas Public Property Finance Contractual Obligation,
Series 2015

As Bond Counsel for the City of White Settlement, Texas, the issuer (the "Issuer") of the obligation (the "Contractual Obligation") described above, we have examined into the legality and validity of the Contractual Obligation, which bears interest from the date of initial delivery of the Contractual Obligation, until maturity, at the rate and payable on the dates as stated in the text of the Contractual Obligation, and matures all in accordance with the terms and conditions stated in the text of the Contractual Obligation.

We have examined the applicable and pertinent provisions of the Constitution and laws of the State of Texas, and a transcript of certified proceedings of the Issuer, and other pertinent instruments authorizing and relating to the issuance of the Contractual Obligation, including executed Contractual Obligation Number R-1.

Based on said examination, it is our opinion that the Contractual Obligation has been duly authorized, issued and delivered in accordance with law; and that, except as may be limited by laws applicable to the Issuer relating to principles of governmental immunity, bankruptcy, reorganization and other similar matters affecting creditors' rights generally or by general principles of equity which permit the exercise of judicial discretion, the Contractual Obligation will constitute a valid and legally binding obligation of the Issuer, and that a continuing ad valorem tax of the Issuer sufficient to provide for the payment of the interest on and principal of the Contractual Obligation has been levied and pledged for such purpose, within the limits prescribed by law, as provided in the ordinance authorizing the issuance of the Contractual Obligation (the "Ordinance").

It is further our opinion, except as discussed below, that the interest on the Contractual Obligation is excludable from the gross income of the owners for federal income tax purposes under the statutes, regulations, published rulings, and court decisions existing on the date of this opinion. We are further of the opinion that the Contractual Obligation is not a "specified private activity bond" and that, accordingly, interest on the Contractual Obligation will not be included as an individual or corporate alternative minimum tax preference item under section 57(a)(5) of the Internal Revenue Code of 1986 (the "Code"). Except as

stated above, we express no opinion as to any other federal, state, or local tax consequences of acquiring, carrying, owning, or disposing of the Contractual Obligation.

In expressing the aforementioned opinions, we have relied on and assume continuing compliance with, certain representations contained in the federal tax certificate of the Issuer and covenants set forth in the Ordinance, relating to, among other matters, the use of the project being refinanced and the investment and expenditure of the proceeds and certain other amounts used to pay or to secure the payment of debt service on the Contractual Obligation, the accuracy of which we have not independently verified. We call your attention to the fact that if such representations are determined to be inaccurate or if the Issuer fails to comply with such covenants, interest on the Contractual Obligation may become includable in gross income retroactively to the date of issuance of the Contractual Obligation.

We call your attention to the fact that the interest on tax-exempt obligations, such as the Contractual Obligation, is included in a corporation's alternative minimum taxable income for purposes of determining the alternative minimum tax imposed on corporations by section 55 of the Code.

Except as stated above, we express no opinion as to any other federal, state or local tax consequences of acquiring, carrying, owning or disposing of the Contractual Obligation.

Our opinions are based on existing law, which is subject to change. Such opinions are further based on our knowledge of facts as of the date hereof. We assume no duty to update or supplement our opinions to reflect any facts or circumstances that may thereafter come to our attention or to reflect any changes in any law that may thereafter occur or become effective. Moreover, our opinions are not a guarantee of result and are not binding on the Internal Revenue Service (the "Service"); rather, such opinions represent our legal judgment based upon our review of existing law and in reliance upon the representations and covenants referenced above that we deem relevant to such opinions. The Service has an ongoing audit program to determine compliance with rules that relate to whether interest on state or local obligations is includable in gross income for federal income tax purposes. No assurance can be given whether or not the Service will commence an audit of the Contractual Obligation. If an audit is commenced, in accordance with its current published procedures the Service is likely to treat the Issuer as the taxpayer. We observe that the Issuer has covenanted not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, may result in the treatment of interest on the Contractual Obligation as includable in gross income for federal income tax purposes.

Our sole engagement in connection with the issuance of the Contractual Obligation is as Bond Counsel for the Issuer, and, in that capacity, we have been engaged by the Issuer for the sole purpose of rendering an opinion with respect to the legality and validity of the Contractual Obligation under the Constitution and laws of the State of Texas, and with respect to the exclusion from gross income of the interest on the Contractual Obligation for federal income tax purposes, and for no other reason or purpose. We have not been requested to investigate or verify, and have not independently investigated or verified any records, data, or other material relating to the financial condition or capabilities of the Issuer, or the disclosure, if any, thereof in connection with the sale of the Contractual Obligation, and have not assumed any responsibility with respect thereto. We express no opinion and make no comment with respect to the marketability of the Contractual Obligation and have relied solely on certificates executed by officials of the Issuer as to the current outstanding indebtedness of, and assessed valuation of taxable property within, the Issuer.

Respectfully,

McCull, Paul Hunt & Norton L.L.P.