
ORDINANCE NO. 2015-49

AUTHORIZING THE
ISSUANCE OF

CITY OF COPPERAS COVE, TEXAS
GENERAL OBLIGATION REFUNDING BONDS
SERIES 2015

Dated: December 15, 2015

Adopted: November 17, 2015

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AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF COPPERAS COVE, TEXAS, GENERAL OBLIGATION REFUNDING BONDS, SERIES 2015; LEVYING A TAX IN PAYMENT THEREOF; AUTHORIZING THE EXECUTION AND DELIVERY OF A BOND PURCHASE AGREEMENT, AN ESCROW AGREEMENT AND A PAYING AGENT/REGISTRAR AGREEMENT; FINDING AND DETERMINING THAT THE MEETING AT WHICH THIS ORDINANCE IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; AND ENACTING OTHER PROVISIONS RELATING THERETO

WHEREAS, the City of Copperas Cove (the "City") has previously issued and there are presently outstanding certain obligations of the City; and

WHEREAS, the City is authorized, pursuant to the general laws of the State of Texas, particularly Chapter 1207, Texas Government Code, as amended ("Chapter 1207"), to issue its bonds for the purpose of refunding the City's outstanding obligations; and

WHEREAS, by this Ordinance, the City Council (the "City Council") of the City is authorizing the issuance of its bonds for the purpose of refunding the City's outstanding obligations identified and described on Schedule I attached hereto and incorporated herein by reference for all purposes (the "Refunded Obligations"); and

WHEREAS, the City Council hereby finds and determines that the defeasance and refunding of the Refunded Obligations at a debt service loss of approximately \$173,082.91 representing a net present value loss of \$25,316.19 or 2.291%, is necessary and in the best interests of the citizens of the City in order to restructure the City's overall debt service payment schedule to coordinate more efficiently with the collection of tax revenues levied to pay the Refunded Obligations; and

WHEREAS, the City Council has found and determined that it is necessary and in the best interests of the City and its citizens that it authorize by this Ordinance the issuance and delivery of its bonds for the purposes herein described at this time; and

WHEREAS, the meeting at which this Ordinance is considered is open to the public as required by law, and the public notice of the time, place and purpose of said meeting was given as required by Chapter 551, Texas Government Code, as amended; therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF COPPERAS COVE, TEXAS:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions.

Unless otherwise expressly provided or unless the context clearly requires otherwise in this Ordinance, the following terms shall have the meanings specified below:

“Bond” means any of the Bonds.

“Bond Date” means the date designated as the date of the Bonds by Section 3.02(a) of this Ordinance.

“Bond Purchase Agreement” means the bond purchase contract, between the City and the Purchaser pertaining to the sale of the Bonds.

“Bonds” means the City’s bonds authorized to be issued by Section 3.01 of this Ordinance and designated as “City of Copperas Cove, Texas, General Obligation Refunding Bonds, Series 2015.”

“Business Day” means any day which is not a Saturday, Sunday or legal holiday, or day on which banking institutions in the State of Texas or the city in which the Designated Payment/Transfer Office is located are generally authorized or obligated by law or executive order to close.

“City” means the City of Copperas Cove, Texas.

“Designated Payment/Transfer Office” means (i) with respect to the initial Paying Agent/Registrar named herein, its office in Killeen, Texas, or at such other location designated by the Paying Agent/Registrar and (ii) with respect to any successor Paying Agent/Registrar, the office of such successor designated and located as may be agreed upon by the City and such successor.

“Escrow Agent” means Wells Fargo Bank, N.A., its successors and assigns.

“Escrow Agreement” means the escrow agreement between the Escrow Agent and the City pertaining to the Bonds.

“Escrow Fund” means the escrow fund established by and held pursuant to the terms of the Escrow Agreement.

“Event of Default” means any event of default as defined in Section 10.01 of this Ordinance.

“Fiscal Year” means such fiscal year as shall from time to time be set by the City Council.

“Initial Bond” means the Initial Bond authorized by Section 3.04 of this Ordinance.

“Interest and Sinking Fund” means the interest and sinking fund established by Section 2.02 of this Ordinance.

“Interest Payment Date” means the date or dates on which interest on the Bonds is scheduled to be paid until their respective dates of maturity or prior redemption, such dates being February 15 and August 15, commencing February 15, 2016.

“Issuance Date” means the date of initial delivery of the Bonds to the Purchaser against payment therefor.

“Owner” means the person who is the registered owner of a Bond or Bonds, as shown in the Register.

“Paying Agent/Registrar” means initially First National Bank Texas, or any successor thereto as provided in this Ordinance.

“Purchaser” means First National Bank Texas, as purchaser of the Bonds named in the Bond Purchase Agreement.

“Record Date” means the last Business Day of the month next preceding an Interest Payment Date.

“Refunded Obligations” mean the outstanding obligations of the City identified on Schedule I hereto.

“Register” means the bond register specified in Section 3.06(a) of this Ordinance.

“Special Payment Date” means the Special Payment Date prescribed by Section 3.03(b) of this Ordinance.

“Special Record Date” means the Special Record Date prescribed by Section 3.03(b) of this Ordinance.

“Unclaimed Payments” means money deposited with the Paying Agent/Registrar for the payment of principal of, redemption premium, if any, or interest on the Bonds as the same come due and payable or money set aside for the payment of Bonds duly called for redemption prior to maturity.

Section 1.02. Findings.

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

Section 1.03. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof

and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.04. Interpretation.

(a) Unless the context requires otherwise, words of the masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa.

(b) Any action required to be taken on a date which is not a Business Day shall be taken on the next succeeding Business Day and have the same effect as if taken on the date so required.

(c) This Ordinance and all the terms and provisions hereof shall be liberally construed to effectuate the purposes set forth herein to sustain the validity of this Ordinance.

(d) Article and section references shall mean references to articles and sections of this Ordinance unless otherwise designated.

ARTICLE II

SECURITY FOR THE BONDS; INTEREST AND SINKING FUND

Section 2.01. Tax Levy.

(a) Pursuant to the authority granted by the Texas Constitution and the laws of the State, there shall be levied and there is hereby levied for the current year and for each succeeding year thereafter while any of the Bonds or any interest thereon is outstanding and unpaid, an ad valorem tax on each one hundred dollars valuation of taxable property within the City, at a rate sufficient, within the limit prescribed by law, to pay the debt service requirements of the Bonds, being (i) the interest on the Bonds, and (ii) a sinking fund for their redemption at maturity or a sinking fund of 2% per annum (whichever amount is greater), when due and payable, full allowance being made for delinquencies and costs of collection.

(b) The ad valorem tax thus levied shall be assessed and collected each year against all property appearing on the tax rolls of the City most recently approved in accordance with law and the money thus collected shall be deposited as collected to the Interest and Sinking Fund.

(c) Said ad valorem tax, the collections therefrom, and all amounts on deposit in or required hereby to be deposited to the Interest and Sinking Fund are hereby pledged and committed irrevocably to the payment of the principal of and interest on the Bonds when and as due and payable in accordance with their terms and this Ordinance.

Section 2.02. Interest and Sinking Fund.

(a) The City hereby establishes a special fund or account, to be designated the “City of Copperas Cove, Texas, General Obligation Refunding Bonds, Series 2015, Interest and Sinking Fund,” said fund to be maintained at an official depository bank of the City separate and apart from all other funds and accounts of the City.

(b) Money on deposit in or required by this Ordinance to be deposited to the Interest and Sinking Fund shall be used solely for the purpose of paying the interest on and principal of the Bonds when and as due and payable in accordance with their terms and this Ordinance.

ARTICLE III

AUTHORIZATION; GENERAL TERMS AND PROVISIONS
REGARDING THE BONDS

Section 3.01. Authorization.

The City’s bonds to be designated “City of Copperas Cove, Texas, General Obligation Refunding Bonds, Series 2015,” are hereby authorized to be issued and delivered in accordance with Tex. Const. art. XI, Sec. 5, and Chapter 1207, Texas Government Code, as amended. The Bonds shall be issued in the aggregate principal amount of \$1,175,000, for the purpose of providing funds to (i) refund the Refunded Obligations, and (b) pay the costs of issuing the Bonds.

Section 3.02. Date, Denomination, Maturities and Interest.

(a) The Bonds shall be dated December 15, 2015. The Bonds shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered separately from one upward or such other designation acceptable to the City and the Paying Agent/Registrar, except the Initial Bond, which shall be numbered R-1.

(b) The Bonds shall mature on August 15, 2025 and shall bear interest at the per annum rate of 1.970%.

(c) Interest shall accrue and be paid on each Bond respectively until its maturity or prior redemption, from the later of the Issuance Date or the most recent Interest Payment Date to which interest has been paid or provided for at the rates per annum for each respective maturity specified in the schedule contained in subsection (b) above. Such interest shall be payable semiannually on each Interest Payment Date until maturity or prior redemption. Interest on the Bonds shall be calculated on the basis of a 360-day year composed of 12 months of thirty (30) days each.

Section 3.03. Medium, Method and Place of Payment.

(a) The principal of and interest on the Bonds shall be paid in lawful money of the United States of America.

(b) Interest on the Bonds shall be payable to the Owners as shown in the Register at the close of business on the Record Date; provided, however, that in the event of nonpayment of interest on a scheduled Interest Payment Date and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each Owner of a Bond appearing in the Register at the close of business on the last Business Day next preceding the date of mailing of such notice.

(c) Interest on each Bond shall be paid by check, dated as of the Interest Payment Date, and mailed on or before such Interest Payment Date, by first class United States mail, postage prepaid, by the Paying Agent/Registrar to each Owner at the address of each Owner as it appears in the Register, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the Owner; provided, however, that such Owner shall bear all risk and expense of such other customary banking arrangements.

(d) The principal of each Bond shall be paid to the Owner thereof on the due date (whether at the maturity date or the date of prior redemption thereof) upon presentation and surrender of such Bond at the Designated Payment/Transfer Office.

(e) If the date for the payment of the principal of or interest on the Bonds is not a Business Day, the date for such payment shall be the next succeeding Business Day, and payment on such date shall have the same force and effect as if made on the original date payment was due and no additional interest shall be due by reason of nonpayment on the date on which such payment is otherwise stated to be due and payable.

(f) Unclaimed Payments of amounts due hereunder shall be segregated in a special account and held in trust, uninvested by the Paying Agent/Registrar, for the account of the Owner of the Bonds to which such Unclaimed Payments pertain. Subject to Title 6 of the Texas Property Code, any Unclaimed Payments remaining unclaimed by the Owners entitled thereto for three years after the applicable payment or redemption date shall be applied to the next payment or payments on the Bonds thereafter coming due and, to the extent any such money remains three years after the retirement of all outstanding Bonds, such money shall be paid to the City to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar nor any other person shall be liable or responsible to any holders of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to Title 6 of the Texas Property Code.

Section 3.04. Execution and Registration of Bonds.

(a) The Bonds shall be executed on behalf of the City by the Mayor and the City Secretary, by their manual or facsimile signatures, and the official seal of the City shall be impressed or placed in facsimile thereon. Such facsimile signatures on the Bonds shall have the same effect as if each of the Bonds had been signed manually and in person by each of said

officers, and such facsimile seal on the Bonds shall have the same effect as if the official seal of the City had been manually impressed upon each of the Bonds.

(b) In the event that any officer of the City whose manual or facsimile signature appears on the Bonds ceases to be such officer before the authentication of such Bonds or before the delivery thereof, such manual or facsimile signature nevertheless shall be valid and sufficient for all purposes as if such officer had remained in such office.

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

(d) On the Issuance Date, one initial Bond (the "Initial Bond"), representing the entire principal amount of all Bonds, payable to the Purchaser, or its designee, executed by the manual or facsimile signatures of the Mayor and City Secretary of the City, approved by the Attorney General, and registered and manually signed by the Comptroller of Public Accounts, will be delivered to the Purchaser or its designee against payment therefor.

Section 3.05. Ownership.

(a) The City, the Paying Agent/Registrar and any other person may treat the person in whose name any Bond is registered as the absolute owner of such Bond for the purpose of making and receiving payment of the principal thereof, for the further purpose of making and receiving payment of the interest thereon, and for all other purposes (except interest will be paid to the person in whose name such bond is registered on the Record Date or Special Record Date, as applicable), whether or not such Bond is overdue, and neither the City nor the Paying Agent/Registrar shall be bound by any notice or knowledge to the contrary.

(b) All payments made to the Owner of a Bond shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange.

(a) So long as any Bonds remain outstanding, the City shall cause the Paying Agent/Registrar to keep at the Designated Payment/Transfer Office a register (the "Register") in which, subject to such reasonable regulations as it may prescribe, the Paying Agent/Registrar shall provide for the registration and transfer of Bonds in accordance with this Ordinance.

(b) The ownership of a Bond may be transferred only upon the presentation and surrender of the Bond at the Designated Payment/Transfer Office with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar. No transfer of any Bond shall be effective until entered in the Register.

(c) The Bonds shall be exchangeable upon the presentation and surrender thereof at the Designated Payment/Transfer Office for a Bond or Bonds of the same maturity and interest rate and in any denomination or denominations of any integral multiple of \$5,000 and in an aggregate principal amount equal to the unpaid principal amount of the Bonds presented for exchange. The Paying Agent/Registrar is hereby authorized to authenticate and deliver Bonds exchanged for other Bonds in accordance with this Section.

(d) Each exchange Bond delivered by the Paying Agent/Registrar in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such exchange Bond is delivered.

(e) No service charge shall be made to the Owner for the initial registration, subsequent transfer, or exchange for a different denomination of any of the Bonds. The Paying Agent/Registrar, however, may require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer or exchange of a Bond.

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

Section 3.07. Cancellation.

All Bonds paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance, shall be cancelled and proper records shall be made regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall dispose of cancelled Bonds in accordance with the Securities Exchange Act of 1934.

Section 3.08. Temporary Bonds.

(a) Following the delivery and registration of the Initial Bond and pending the preparation of definitive Bonds, the proper officers of the City may execute and, upon the City's request, the Paying Agent/Registrar shall authenticate and deliver, one or more temporary Bonds that are printed, lithographed, typewritten, mimeographed or otherwise produced, in any authorized denomination, substantially of the tenor of the definitive Bonds in lieu of which they are delivered, without coupons, and with such appropriate insertions, omissions, substitutions and other variations as the officers of the City executing such temporary Bonds may determine, as evidenced by their signing of such temporary Bonds.

(b) Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefit and security of this Ordinance.

(c) The City, without unreasonable delay, shall prepare, execute and deliver to the Paying Agent/Registrar the Bonds in definitive form; thereupon, upon the presentation and surrender of the Bonds in temporary form to the Paying Agent/Registrar, the Paying Agent/Registrar shall cancel the Bonds in temporary form and shall authenticate and deliver in exchange therefor Bonds of the same maturity and series, in definitive form, in the authorized denomination, and in the same aggregate principal amount, as the Bonds in temporary form surrendered. Such exchange shall be made without the making of any charge therefor to any Owner.

Section 3.09. Replacement Bonds.

(a) Upon the presentation and surrender to the Paying Agent/Registrar of a mutilated Bond, the Paying Agent/Registrar shall authenticate and deliver in exchange therefor a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding. The City or the Paying Agent/Registrar may require the Owner of such Bond to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection therewith and any other expenses connected therewith.

(b) In the event that any Bond is lost, apparently destroyed or wrongfully taken, the Paying Agent/Registrar, pursuant to the applicable laws of the State of Texas and in the absence of notice or knowledge that such Bond has been acquired by a bona fide purchaser, shall authenticate and deliver a replacement Bond of like tenor and principal amount, bearing a number not contemporaneously outstanding, provided that the Owner first:

(i) furnishes to the Paying Agent/Registrar satisfactory evidence of his or her ownership of and the circumstances of the loss, destruction or theft of such Bond;

(ii) furnishes such security or indemnity as may be required by the Paying Agent/Registrar to save it and the City harmless;

(iii) pays all expenses and charges in connection therewith, including, but not limited to, printing costs, legal fees, fees of the Paying Agent/Registrar and any tax or other governmental charge that is authorized to be imposed; and

(iv) satisfies any other reasonable requirements imposed by the City and the Paying Agent/Registrar.

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

(d) In the event that any such mutilated, lost, apparently destroyed or wrongfully taken Bond has become or is about to become due and payable, the Paying Agent/Registrar, in its discretion, instead of issuing a replacement Bond, may pay such Bond if it has become due and payable or may pay such Bond when it becomes due and payable.

(e) Each replacement Bond delivered in accordance with this Section shall constitute an original additional contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such replacement Bond is delivered.

ARTICLE IV

REDEMPTION OF BONDS BEFORE MATURITY

Section 4.01. Limitation on Redemption.

The Bonds shall be subject to redemption before their stated maturity date only as provided in this Article IV.

Section 4.02. Optional Redemption.

(a) The City reserves the option to redeem Bonds, in whole or in part in principal amounts of \$5,000 or any integral multiple thereof before their stated maturity date, on August 15, 2018, or on any date thereafter, such redemption date or dates to be fixed by the City, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the date of redemption.

(b) If less than all of the Bonds are to be redeemed pursuant to an optional redemption, the City shall determine the amount thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot the Bonds, or portions thereof and in such principal amounts for redemption.

(c) The City, at least forty-five (45) days before the redemption date, unless a shorter period shall be satisfactory to the Paying Agent/Registrar, shall notify the Paying Agent/Registrar of such redemption date and of the principal amount of Bonds to be redeemed.

Section 4.03. Mandatory Sinking Fund Redemption.

(a) The Bonds are subject to scheduled mandatory redemption and will be redeemed by the City, in part at a price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, out of moneys available for such purpose in the Interest and Sinking Fund, on August 15 in the years and in the respective principal amounts as set forth in the following schedule:

<u>Redemption Date</u> <u>(August 15)</u>	<u>Principal</u> <u>Amount</u>
2018	\$135,000
2019	140,000
2020	145,000
2021	145,000
2022	150,000
2023	150,000
2024	155,000
2025*	155,000

(*) Stated maturity.

(b) At least forty-five (45) days prior to each scheduled mandatory redemption date, the Paying Agent/Registrar shall select for redemption by lot, or by any other customary method that results in a random selection, a principal amount of Bonds equal to the aggregate principal amount of such Bonds to be redeemed, shall call such Bonds for redemption on such scheduled mandatory redemption date, and shall give notice of such redemption, as provided in Section 4.05.

(c) The principal amount of the Bonds required to be redeemed on any redemption date pursuant to subparagraph (a) of this Section 4.03 shall be reduced, at the option of the City, by the principal amount of any Bonds which, at least 45 days prior to the mandatory sinking fund redemption date (i) shall have been acquired by the City at a price not exceeding the principal amount thereof plus accrued interest to the date of purchase thereof, and delivered to the Paying Agent/Registrar for cancellation, or (ii) shall have been redeemed pursuant to the optional redemption provisions hereof and not previously credited to a mandatory sinking fund redemption.

Section 4.04. Partial Redemption.

(a) A portion of a single Bond of a denomination greater than \$5,000 may be redeemed, but only in a principal amount equal to \$5,000 or any integral multiple thereof. If such Bond is to be partially redeemed, the Paying Agent/Registrar shall treat each \$5,000 portion of the Bond as though it were a single Bond for purposes of selection for redemption.

(b) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered, such exchange being without charge, notwithstanding any provision of Section 3.06 to the contrary.

Section 4.05. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class, postage prepaid, not less than 30 days before the

date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown in the Register at the close of business on the Business Day next preceding the date of mailing such notice.

(b) The notice shall state the redemption date, the redemption price, the place at which the Bonds are to be surrendered for payment, and, if less than all the Bonds outstanding are to be redeemed, an identification of the Bonds or portions thereof to be redeemed.

(c) The City reserves the right to give notice of its election or direction to redeem Bonds under Section 4.02 conditioned upon the occurrence of subsequent events. Such notice may state (i) that the redemption is conditioned upon the deposit of moneys and/or authorized securities, in an amount equal to the amount necessary to effect the redemption, with the Paying Agent/Registrar, or such other entity as may be authorized by law, no later than the redemption date, or (ii) that the City retains the right to rescind such notice at any time on or prior to the scheduled redemption date if the City delivers a certificate of the City to the Paying Agent/Registrar instructing the Paying Agent/Registrar to rescind the redemption notice, and such notice and redemption shall be of no effect if such moneys and/or authorized securities are not so deposited or if the notice is rescinded. The Paying Agent/Registrar shall give prompt notice of any such rescission of a conditional notice of redemption to the affected Owners. Any Bonds subject to a conditional notice of redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default. Further, in the case of a conditional notice of redemption, the failure of the City to make moneys and/or authorized securities available in part or in whole on or before the redemption date shall not constitute an Event of Default.

(d) Any notice so mailed shall be conclusively presumed to have been duly given, whether or not the registered owner receives such notice. Notice having been so given and subject, in the case of an optional redemption, to any rights or conditions reserved by the City in the notice, the Bonds called for redemption shall become due and payable on the specified redemption date, and notwithstanding that any obligation or portion thereof has not been surrendered for payment, interest on such obligation or portion thereof shall cease to accrue.

Section 4.06. Payment Upon Redemption.

(a) Before or on each redemption date, the City shall deposit with the Paying Agent/Registrar money sufficient to pay all amounts due on the redemption date and the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise received by the Paying Agent/Registrar from the City and shall use such funds solely for the purpose of paying the principal of, and accrued interest on the Bonds being redeemed.

(b) Upon presentation and surrender of any Bond called for redemption at the Designated Payment/Transfer Office of the Paying Agent/Registrar on or after the date fixed for redemption, the Paying Agent/Registrar shall pay the principal of, redemption premium, if any, and accrued interest on such Bond to the date of redemption from the money set aside for such purpose.

Section 4.07. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.05 of this Ordinance, and subject to the provisions of Section 4.05(c), the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City fails to make provision for the payment of the principal thereof or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If the City shall fail to make provision for payment of all sums due on a redemption date, or rescinds the notice of redemption, then any Bond or portion thereof called for redemption shall continue to bear interest at the rate stated on the Bond until due provision is made for the payment of same by the City.

ARTICLE V

PAYING AGENT/REGISTRAR

Section 5.01. Appointment of Initial Paying Agent/Registrar.

First National Bank Texas, Texas, is hereby appointed as the initial Paying Agent/Registrar for the Bonds.

Section 5.02. Qualifications.

Each Paying Agent/Registrar shall be a commercial bank, a trust company organized under the laws of the State of Texas, or any other entity duly qualified and legally authorized to serve as and perform the duties and services of paying agent and registrar for the Bonds.

Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any Bonds are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance. The Mayor is hereby authorized and directed to execute an agreement with the Paying Agent/Registrar specifying the duties and responsibilities of the City and the Paying Agent/Registrar in substantially the form presented at this meeting, the form, terms and provisions of which are hereby approved. The signature of the Mayor shall be attested by the City Secretary.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement, provided no such resignation shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 5.04. Termination.

The City, upon not less than sixty (60) days' notice, reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated written notice of such termination, provided, that such termination shall not be

effective until a successor Paying Agent/Registrar has been appointed and has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 5.05. Notice of Change to Owners.

Promptly upon each change in the entity serving as Paying Agent/Registrar, the City will cause notice of the change to be sent to each Owner by first class United States mail, postage prepaid, at the address in the Register, stating the effective date of the change and the name and mailing address of the replacement Paying Agent/Registrar.

Section 5.06. Agreement to Perform Duties and Functions.

By accepting the appointment as Paying Agent/Registrar and executing the Paying Agent/Registrar Agreement, the Paying Agent/Registrar is deemed to have agreed to the provisions of this Ordinance and that it will perform the duties and functions of Paying Agent/Registrar prescribed thereby.

Section 5.07. Delivery of Records to Successor.

If a Paying Agent/Registrar is replaced, such Paying Agent/Registrar, promptly upon the appointment of the successor, will deliver the Register (or a copy thereof) and all other pertinent books and records relating to the Bonds to the successor Paying Agent/Registrar.

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally.

(a) The Bonds, including the Registration Certificate of the Comptroller of Public Accounts of the State of Texas to accompany the Initial Bond, the Certificate of the Paying Agent/Registrar, and the Assignment form to appear on each of the Bonds, (i) shall be substantially in the form set forth in this Article, with such appropriate insertions, omissions, substitutions, and other variations as are permitted or required by this Ordinance, and (ii) may have such letters, numbers, or other marks of identification (including identifying numbers and letters of the Committee on Uniform Securities Identification Procedures of the American Bankers Association) and such legends and endorsements (including any reproduction of an opinion of counsel) thereon as, consistently herewith, may be determined by the City or by the officers executing such Bonds, as evidenced by their execution thereof.

(b) Any portion of the text of any Bonds may be set forth on the reverse side thereof, with an appropriate reference thereto on the face of the Bonds.

(c) The definitive Bonds shall be typewritten, printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other similar manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof.

(d) The Initial Bond submitted to the Attorney General of the State of Texas may be typewritten and photocopied or otherwise reproduced.

Section 6.02. Form of the Bonds.

The form of the Bonds, including the form of the Registration Certificate of the Comptroller of Public Accounts of the State of Texas, to accompany the Initial Bond, the form of Certificate of the Paying Agent/Registrar and the form of Assignment appearing on the Bonds, shall be substantially as follows:

(a) Form of Bonds.

REGISTERED
No. R-1

REGISTERED
\$1,175,000

United States of America
State of Texas

CITY OF COPPERAS COVE, TEXAS
GENERAL OBLIGATION REFUNDING BOND
SERIES 2015

INTEREST RATE: MATURITY DATE: ISSUANCE DATE:
1.970% August 15, 2025 December 15, 2015

The City of Copperas Cove, Texas (the "City"), in the Counties of Coryell, Lampasas and Bell, State of Texas, for value received, hereby promises to pay to

FIRST NATIONAL BANK TEXAS

or registered assigns, on the Maturity Date specified above, the sum of ONE MILLION ONE HUNDRED SEVENTY-FIVE THOUSAND DOLLARS unless this Bond shall have been sooner called for redemption and the payment of the principal hereof shall have been paid or provided for, and to pay interest on such principal amount from the later of the Issuance Date specified above or the most recent interest payment date to which interest has been paid or provided for until payment of such principal amount has been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 15 and August 15 of each year, commencing February 15, 2016.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the designated office of First National Bank Texas, as Paying Agent/Registrar in Killeen, Texas (the "Designated Payment/Transfer Office"), or, with respect to a successor paying agent/registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, and will be mailed on or before such interest payment date, by first class United States mail, postage prepaid, by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by

the Paying Agent/Registrar, or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expense of such other customary banking arrangements. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last Business Day (as hereinafter defined) of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest payment date, and for thirty (30) days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date," which date shall be fifteen (15) days after the Special Record Date) shall be sent at least five (5) Business Days (as hereinafter defined) prior to the Special Record Date by United States mail, first class, postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last Business Day next preceding the date of mailing of such notice.

If the date for the payment of the principal of or interest on this Bond is not a Business Day, the date for such payment shall be the next succeeding day which is not a Saturday, Sunday or legal holiday, or day on which banking institutions in the State of Texas or the city in which the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are generally authorized or obligated by law or executive order to close (a "Business Day"), and payment on such date shall for all purposes be deemed to have been made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$1,175,000 (herein referred to as the "Bonds"), dated as of December 15, 2015, issued pursuant to a certain ordinance of the City (the "Ordinance") for the purpose of providing funds to refund certain outstanding obligations of the City and to pay the costs of issuing the Bonds.

The Bonds are subject to optional redemption prior to the stated maturity on August 15, 2018 or on any date thereafter pursuant to the terms and provisions of the Ordinance. The Bonds are subject to mandatory sinking fund redemption prior to stated maturity on the terms, on the dates and in the principal amounts as provided in the Ordinance.

As provided in the Ordinance, and subject to certain limitations therein set forth, this Bond is transferable upon surrender of this Bond for transfer at the Designated Payment/Transfer Office of the Paying Agent/Registrar with such endorsement or other evidence of transfer as is acceptable to the Paying Agent/Registrar; thereupon, one or more new fully registered Bonds of the same stated maturity, of authorized denominations, bearing the same rate of interest, and for the same aggregate principal amount will be issued to the designated transferee or transferees.

Neither the City nor the Paying Agent/Registrar shall be required to issue, transfer or exchange any Bond called for redemption where such redemption is scheduled to occur within forty-five (45) calendar days of the transfer or exchange date; provided, however, such limitation

shall not be applicable to an exchange by the registered owner of the uncalled principal balance of a Bond.

The City, the Paying Agent/Registrar, and any other person may treat the person in whose name this Bond is registered as the owner hereof for the purpose of receiving payment as herein provided (except interest shall be paid to the person in whose name this Bond is registered on the "Record Date" or "Special Record Date," as applicable) and for all other purposes, whether or not this Bond be overdue, and neither the City, nor the Paying Agent/Registrar nor any other person shall be affected by notice to the contrary.

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law and has been authorized by a vote of the properly qualified electors of the City; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that ad valorem taxes upon all taxable property in the City have been levied for and pledged to the payment of the debt service requirements of the Bonds, within the limit prescribed by law.

IN WITNESS WHEREOF, the City has caused this Bond to be executed by the manual or facsimile signature of the Mayor of the City and countersigned by the manual or facsimile signature of the City Secretary of the City, and the official seal of the City has been duly impressed or placed in facsimile on this Bond.

City Secretary,
City of Copperas Cove, Texas



Mayor,
City of Copperas Cove, Texas

[SEAL]

(b) Form of Comptroller's Registration Certificate.

The following Comptroller's Registration Certificate may be deleted from the definitive Bonds if such certificate on the Initial Bond is fully executed.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

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

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Bond has been examined by him as required by law, that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas, and that it is a valid and binding obligation of the City of Copperas Cove, Texas, and that this Bond has this day been registered by me.

Witness my hand and seal of office at Austin, Texas, _____.

Comptroller of Public Accounts
of the State of Texas

[SEAL]

(c) Form of Certificate of Paying Agent/Registrar.

The following Certificate of Paying Agent/Registrar may be deleted from the Initial Bond if the executed Comptroller's Registration Certificate appears thereon.

CERTIFICATE OF PAYING AGENT/REGISTRAR

The records of the Paying Agent/Registrar show that the Initial Bond of this series of bonds was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas, and that this is one of the Bonds referred to in the within-mentioned Ordinance.

FIRST NATIONAL BANK TEXAS,
as Paying Agent/Registrar

Dated: _____

By: _____
Authorized Signatory

(d) Form of Assignment.

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers unto (print or typewrite name, address and Zip Code of transferee):

(Social Security or other identifying number: _____) the within Bond and all rights hereunder and hereby irrevocably constitutes and appoints _____ attorney to transfer the within Bond on the books kept for registration hereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature on this Assignment must correspond with the name of the registered owner as it appears on the face of the within Bond in every particular and must be guaranteed in a manner acceptable to the Paying Agent/Registrar.

Signature Guaranteed By:

Authorized Signatory

(e) The Initial Bond shall be in the form set forth in paragraphs (a), (b) and (d) of this Section.

Section 6.03. [Reserved]

Section 6.04. Legal Opinion.

The approving legal opinion of Bracewell & Giuliani LLP Bond Counsel, may be printed on the reverse side of or attached to each Bond over the certification of the City Secretary of the City, which may be executed in facsimile.

Section 6.05. Statement of Insurance.

A statement relating to a municipal bond insurance policy, if any, to be issued for the Bonds may be printed on or attached to each Bond.

ARTICLE VII

SALE AND DELIVERY OF BONDS; DEPOSIT OF PROCEEDS

Section 7.01. Sale of Bonds.

(a) The Bonds are hereby sold and awarded and shall be delivered to the Purchaser at the price and on the terms specified in the Bond Purchase Agreement. The form, terms and provisions of the Bond Purchase Agreement are hereby approved and the Mayor is hereby authorized and directed to execute and deliver such Bond Purchase Agreement. It is hereby found, determined and declared that the terms of this sale are the most advantageous reasonably available. The Bonds shall be initially registered in the name of the Purchaser or its designee.

(b) All officers of the City are authorized to execute such documents, certificates and receipts, and to make such elections with respect to the tax-exempt status of the Bonds, as they may deem appropriate in order to consummate the delivery of the Bonds. Further, in connection with the submission of the record of proceedings for the Bonds to the Attorney General of the State of Texas for examination and approval of such Bonds, the appropriate officer of the City is hereby authorized and directed to issue a check of the City payable to the Attorney General of the State of Texas as a nonrefundable examination fee in the amount required by Chapter 1202, Texas Government Code, such amount to be not less than the statutory minimum of \$750, or, if more than the statutory minimum, the lesser of (i) 1/10th of 1% of the principal amount of the Bonds or (ii) \$9,500, as applicable.

(c) The obligation of the Purchaser to accept delivery of the Bonds is subject to the Purchaser being furnished with the final, approving opinion of Bracewell & Giuliani LLP, Bond Counsel for the City, which opinion shall be dated and delivered the Issuance Date.

Section 7.02. Control and Delivery of Bonds.

(a) The Mayor of the City is hereby authorized to have control of the Initial Bond and all necessary records and proceedings pertaining thereto pending investigation, examination and approval of the Attorney General of the State of Texas, registration by the Comptroller of Public Accounts of the State of Texas and registration with, and initial exchange or transfer by, the Paying Agent/Registrar, if applicable.

(b) After registration by the Comptroller of Public Accounts of the State of Texas, delivery of the Bonds shall be made to the Purchaser under and subject to the general supervision and direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale.

(c) In the event the Mayor or City Secretary is absent or otherwise unable to execute any document or take any action authorized herein, the Mayor Pro Tem and the Assistant City Secretary, respectively, shall be authorized to execute such documents and take such actions, and the performance of such duties by the Mayor Pro Tem and the Assistant City Secretary shall for the purposes of this Ordinance have the same force and effect as if such duties were performed by the Mayor and City Secretary, respectively.

Section 7.03. Deposit of Proceeds. Bond proceeds shall be applied as follows:

(a) The amount of \$1,135,735.55 shall be deposited to the Escrow Fund and applied as provided in the Escrow Agreement.

(b) The amount of \$37,306.69 shall be used to pay the costs of issuing the Bonds. The rounding amount of \$1,954.76 shall be deposited to the Interest and Sinking Fund and applied to the payment of debt service on the Bonds.

ARTICLE VIII

INVESTMENTS

Section 8.01. Investments.

(a) Money in the Interest and Sinking Fund created by this Ordinance, at the option of the City, may be invested in such securities or obligations as permitted under applicable law as in effect on the date of the investment.

(b) Any securities or obligations in which money in the Interest and Sinking Fund is so invested shall be kept and held in trust for the benefit of the Owners and shall be sold and the proceeds of sale shall be timely applied to the making of all payments required to be made from the Interest and Sinking Fund.

Section 8.02. Investment Income.

(a) Interest and income derived from investment of the Interest and Sinking Fund shall be credited to such Fund.

(b) Earnings on amounts deposited to the Escrow Fund shall be applied as provided by the Escrow Agreement.

ARTICLE IX

PARTICULAR REPRESENTATIONS AND COVENANTS

Section 9.01. Payment of the Bonds.

On or before each Interest Payment Date for the Bonds and while any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay such interest on and principal of the Bonds as will accrue or mature on the applicable Interest Payment Date, maturity date or date of prior redemption. Such transfer of funds shall be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar not later than the close of business on the Business Day next preceding the date of payment for the Bonds.

Section 9.02. Other Representations and Covenants.

(a) The City will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in this Ordinance and in each Bond; the City will promptly pay or cause to be paid the principal of and interest on each Bond on the dates and at the places and manner prescribed in such Bond; and the City will, at the times and in the manner prescribed by this Ordinance, deposit or cause to be deposited the amounts of money specified by this Ordinance.

(b) The City is duly authorized under the laws of the State of Texas to issue the Bonds; all action on its part for the creation and issuance of the Bonds has been duly and effectively taken; and the Bonds in the hands of the Owners thereof are and will be valid and enforceable obligations of the City in accordance with their terms.

Section 9.03. Federal Income Tax Exclusion.

(a) General. The City intends that the interest on the Bonds will be excludable from gross income for federal income tax purposes pursuant to sections 103 and 141 through 150 of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable Treasury Regulations (the "Regulations"). The City covenants and agrees not to take any action, or omit to take any action within its control, that if taken or omitted, respectively, would (i) cause the interest on the Bonds to be includable in the gross income, as defined in section 61 of the Code, for federal income tax purposes or (ii) result in the violation of or failure to satisfy any provision of section 103 and 141 through 150 of the Code and the Regulations promulgated thereunder that is applicable to the Bonds. In particular, the City covenants and agrees to comply with each requirement of this Section 9.03; provided, however, that the City shall not be required to comply with any particular requirement of this Section 9.03, if the City has received an opinion of nationally recognized bond counsel ("Counsel's Opinion") that (i) such noncompliance will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds or (ii) compliance with some other requirement, will satisfy the applicable requirements of the Code and the Regulations, in which case compliance with such other requirement specified in such Counsel's Opinion shall constitute compliance with the corresponding requirement specified in this Section 9.03.

(b) No Private Use or Payment and No Private Loan Financing. The City covenants and agrees that it will make such use of the proceeds of the Bonds, including interest or other investment income derived from Bond proceeds, regulate the use of property financed, directly or indirectly, with such proceeds, and take such other and further action as may be required so that the Bonds will not be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder. Moreover, the City will certify, through an authorized officer, employee or agent, that, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, the proceeds of the Refunded Obligations have not been and the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be "private activity bonds" within the meaning of section 141 of the Code and the Regulations promulgated thereunder.

(c) No Federal Guarantee. The City covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be “federally guaranteed” within the meaning of section 149(b) of the Code and the Regulations, except as permitted by section 149(b)(3) of the Code and the Regulations promulgated thereunder.

(d) No Hedge Bonds. The City covenants and agrees that it has not taken and will not take any action, and has not knowingly omitted and will not knowingly omit to take any action within its control, that, if taken or omitted, respectively, would cause the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code and the Regulations promulgated thereunder. Moreover, the City will certify, through an authorized officer, employee, or agent, based upon all facts in existence on the date the Bonds are delivered, that the proceeds of the Refunded Obligations have not been used in a manner that would cause the Refunded Obligations or the Bonds to be “hedge bonds” within the meaning of section 149(g) of the Code and the Regulations promulgated thereunder.

(e) No-Arbitrage Covenant. The City covenants and agrees that it will make such use of the proceeds of the Bonds including interest or other investment income derived from Bond proceeds, regulate investments of proceeds of the Bonds, and take such other and further action as may be required so that the Bonds will not be “arbitrage bonds” within the meaning of section 148(a) of the Code and the Regulations promulgated thereunder. Moreover, the City shall certify, through an authorized officer, employee or agent, based upon all facts and estimates known or reasonably expected to be in existence on the date the Bonds are delivered, that the proceeds of the Refunded Obligations have not been and the proceeds of the Bonds will not be used in a manner that would cause the Bonds to be “arbitrage bonds” within the meaning of section 148(a) of the Code and the Regulations promulgated thereunder.

(f) Arbitrage Rebate. If the City does not qualify for an exception to the requirements of section 148(f) of the Code relating to the required rebate to the United States, the City will take all necessary steps to comply with the requirement that certain amounts earned by the City on the investment of the “gross proceeds” of the Bonds (within the meaning of section 148(f)(6)(B) of the Code), be rebated to the federal government. Specifically, the City will (i) maintain records regarding the investment of the gross proceeds of the Bonds as may be required to calculate the amount earned on the investment of the gross proceeds of the Bonds separately from records of amounts on deposit in the funds and accounts of the City allocable to other bond issues of the City or moneys which do not represent gross proceeds of any bonds of the City, (ii) determine at such times as are required by the Regulations, the amount earned from the investment of the gross proceeds of the Bonds which is required to be rebated to the federal government, and (iii) pay, not less often than every fifth anniversary date of the delivery of the Bonds or on such other dates as may be permitted under the Regulations, all amounts required to be rebated to the federal government. Further, the City will not indirectly pay any amount otherwise payable to the federal government pursuant to the foregoing requirements to any person other than the federal government by entering into any investment arrangement with respect to the gross proceeds of the Bonds that might result in a reduction in the amount required to be paid to the federal government because such arrangement results in a smaller profit or a

larger loss than would have resulted if the arrangement had been at arm's length and had the yield on the issue not been relevant to either party.

(g) Information Reporting. The City covenants and agrees to file or cause to be filed with the Secretary of the Treasury, not later than the 15th day of the second calendar month after the close of the calendar quarter in which the Bonds are issued, an information statement concerning the Bonds, all under and in accordance with section 149(e) of the Code and the Regulations promulgated thereunder.

(h) Record Retention. The City will retain all pertinent and material records relating to the use and expenditure of the proceeds of the Refunded Obligations and the Bonds until three years after the last Bond is redeemed, or such shorter period as authorized by subsequent guidance issued by the Department of Treasury, if applicable. All records will be kept in a manner that ensures their complete access throughout the retention period. For this purpose, it is acceptable that such records are kept either as hardcopy books and records or in an electronic storage and retrieval system, provided that such electronic system includes reasonable controls and quality assurance programs that assure the ability of the City to retrieve and reproduce such books and records in the event of an examination of the Bonds by the Internal Revenue Service.

(i) Registration. The Bonds will be issued in registered form.

(j) Qualified Tax-Exempt Obligations. The City hereby designates the Bonds as "qualified tax-exempt obligations" for purposes of section 265(b) of the Code. In connection therewith, the City represents that (a) the aggregate amount of tax-exempt obligations issued by the City during calendar year 2015, including the Bonds, that have been designated as "qualified tax-exempt obligations" under section 265(b)(3) of the Code does not exceed \$10,000,000, and (b) the reasonably anticipated amount of tax-exempt obligations that will be issued by the City during calendar year 2015, including the Bonds, will not exceed \$10,000,000. For purposes of this Section 9.03(j), the term "tax-exempt obligation" does not include (i) "private activity bonds" within the meaning of section 141 of the Code, other than "qualified 501(c)(3) bonds" within the meaning of section 145 of the Code or (ii) obligations issued to currently refund any obligation to the extent that the amount of the refunding obligation does not exceed the outstanding amount of the refunded obligation. In addition, for purposes of this Section 9.03(j), the City includes all entities that are aggregated with the City under the Code.

(k) Deliberate Actions. The City will not take a deliberate action (as defined in section 1.141-2(d)(3) of the Regulations) that causes the Bonds to fail to meet any requirement of section 141 of the Code after the issue date of the Bonds unless an appropriate remedial action is permitted by section 1.141-12 of the Regulations, such remedial action is taken by the City, and a Counsel's Opinion is obtained that such remedial action cures any failure to meet the requirements of section 141 of the Code.

(l) Continuing Obligation. Notwithstanding any other provision of this Ordinance, the City's obligations under the covenants and provisions of this Section 9.03 shall survive the defeasance and discharge of the Bonds for as long as such matters are relevant to the exclusion from gross income of interest on the Bonds for federal income tax purposes.

ARTICLE X

DEFAULT AND REMEDIES

Section 10.01. Events of Default.

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

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

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

Section 10.02. Remedies for Default.

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

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

Section 10.03. Remedies Not Exclusive.

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

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

ARTICLE XI

DISCHARGE

Section 11.01. Discharge.

The Bonds may be refunded, discharged or defeased in any manner permitted by applicable law.

ARTICLE XII

AMENDMENTS

Section 12.01. Amendment of Ordinance.

The City may, without the consent of or notice to the Owners, from time to time and at any time amend this Ordinance in any manner not detrimental to the interests of the Owners, including the curing of any ambiguity, inconsistency, or formal defect or omission herein. In addition, the City may, with the written consent of the Owners of a majority in aggregate principal amount of the Bonds then outstanding, amend, add to or rescind any of the provisions of this Ordinance; provided, that, without the consent of the Owners of all Bonds then outstanding, no such amendment, addition, or rescission shall:

- (a) affect the rights of the Owners of less than all of the Bonds then outstanding;
- (b) make any change in the maturities of the Bonds;
- (c) reduce the rate of interest borne by any of the Bonds;
- (d) reduce the amount of the principal payable on the Bonds;
- (e) modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payment; or
- (f) change the minimum percentage of the principal amount of Bonds necessary for consent to such amendment.

Bonds owned or held by or for the account of or for the benefit of the City shall not be deemed to be outstanding for the purpose of amending this Ordinance.

Section 12.02. Notice and Adoption of Amendment.

If the City desires to amend this Ordinance it shall cause notice of the proposed amendment to be given in writing to each Owner of Bonds then outstanding. If, within thirty (30) days, or such longer period as shall be prescribed by the City, following the giving of such notice, the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have consented to the amendment as herein provided, no Owner of a Bond shall have any right to object to any of the terms and provisions contained therein, or in any

manner to question the propriety of the execution thereof, and all the rights of all Owners of Bonds shall thereafter be determined, exercised, and enforced hereunder subject in all respects to such amendment.

Section 12.03. Consent of Bondholders Irrevocable.

Any consent given by any Owner of a Bond pursuant to the provisions of this Article shall be irrevocable and binding on all future Owners of the same Bond from the date of such consent.

Section 12.04. Nonsubstantive Changes.

The City Manager, in consultation with the City's Bond Counsel, is hereby authorized and directed to approve such nonsubstantive changes to this Ordinance as may be required by the Attorney General of Texas in his approval of the Bonds herein authorized.

ARTICLE XIII

DEFEASANCE AND PAYMENT OF REFUNDED OBLIGATIONS;
APPROVAL OF ESCROW AGREEMENT; PURCHASE OF ESCROWED SECURITIES

Section 13.01. Redemption of Refunded Obligations.

(a) The Refunded Obligations shall be refunded and defeased upon the funding of the Escrow Fund. Principal of the Refunded Obligations shall be paid to the registered owner of the Refunded Obligations on their respective stated maturity date with such interest as is due and payable thereon, from amounts on deposit in the Escrow Fund.

(b) The City Secretary is hereby authorized and directed to cause to be delivered to the paying agent/registrar for the Refunded Obligations, notice of defeasance of the Refunded Obligations by delivery thereto of a certified copy of this Ordinance, the delivery of such certified copy of this Ordinance to such paying agent/registrar constituting delivery of notice of defeasance in accordance with the requirements of the ordinance authorizing the issuance of the Refunded Obligations.

(c) The paying agent/registrar for the Refunded Obligations is hereby authorized and directed to give notice of defeasance and such other notices as required by and in accordance with the terms and provisions of the ordinance authorizing the issuance of the Refunded Obligations.

Section 13.02. Approval of Escrow Agreement.

(a) Wells Fargo Bank, N.A., is hereby appointed as Escrow Agent for the Refunded Obligations.

(b) The form, terms and provisions of the Escrow Agreement presented at this meeting, and the execution and delivery thereof, are hereby approved. The Mayor is hereby

authorized and directed to execute and deliver the Escrow Agreement. The signature of the Mayor may be attested by the City Secretary of the City.

Section 13.03. Subscription of Federal Securities.

The Mayor and the City Manager of the City, either or both, are hereby authorized and directed to make necessary arrangements for the purchase of the Federal Securities referenced in the Escrow Agreement as may be required for the Escrow Fund. The application for the acquisition of the Federal Securities is hereby approved and ratified.

ARTICLE XIV

EFFECTIVE IMMEDIATELY

Section 14.01. Effective Immediately.

This Ordinance shall become effective immediately upon its adoption at this meeting pursuant to Section 1201.028, Texas Government Code.

PASSED AND ADOPTED this November 17, 2015.

CITY COUNCIL
CITY OF COPPERAS COVE, TEXAS

SCHEDULE I

SCHEDULE OF REFUNDED OBLIGATIONS

The following obligations shall be paid on their respective stated maturity dates

Limited Tax Notes, Series 2010A

Payable at Maturity

<u>Amount</u>	<u>Maturity</u>
\$ 470,000	8/15/2016
635,000	8/15/2017

PAYING AGENT/REGISTRAR AGREEMENT
between

CITY OF COPPERAS COVE, TEXAS

and

FIRST NATIONAL BANK TEXAS

Pertaining to

City of Copperas Cove, Texas
General Obligation Refunding Bonds
Series 2015

Dated as of December 15, 2015

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PAYING AGENT/REGISTRAR AGREEMENT

THIS PAYING AGENT/REGISTRAR AGREEMENT (the or this “Agreement”), dated as of December 15, 2015, is by and between CITY OF COPPERAS COVE, TEXAS (the “Issuer”) and FIRST NATIONAL BANK TEXAS (the “Bank”), a national banking association duly organized and existing under the laws of the United States of America.

WHEREAS, the Issuer has duly authorized and provided for the issuance of its General Obligation Refunding Bonds, Series 2015 (the “Obligations”), dated December 15, 2015, to be issued as registered securities without coupons; and

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

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

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

NOW, THEREFORE, it is mutually agreed as follows:

ARTICLE I

APPOINTMENT OF BANK AS PAYING AGENT AND REGISTRAR

Section 1.01 Appointment. (a) The Issuer hereby appoints the Bank to act as Paying Agent with respect to the Obligations in paying to the Owners of the Obligations the principal, redemption premium, if any, and interest on all or any of the Obligations.

(b) The Issuer hereby appoints the Bank as Registrar with respect to the Obligations.

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

Section 1.02 Compensation. (a) In its capacity as purchaser of the Obligations, as compensation for the Bank’s services as Paying Agent/Registrar, the Issuer hereby agrees to pay the Bank a one-time fee of \$250.00.

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

ARTICLE II

DEFINITIONS

Section 2.01 Definitions. For all purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires, the following terms have the following meanings when used in this Agreement:

“Bank” means FIRST NATIONAL BANK TEXAS, a national bank located in Killeen, Texas.

“Bank Office” means the Bank’s office at 100 Congress Avenue, Suite 250, Austin, Texas 78701. The Bank will notify the Issuer in writing of any change in location of the Bank Office.

“Obligation” or “Obligations” means any or all of the Issuer’s General Obligation Refunding Bonds, Series 2015, dated December 15, 2015.

“Financial Advisor” means First Southwest Company, its successors and assigns.

“Fiscal Year” means the 12 month period ending September 30th of each year.

“Issuer” means the City of Copperas Cove, Texas.

“Issuer Request” and “Issuer Order” means a written request or order signed in the name of the Issuer by the Mayor of the Issuer, or any other authorized representative of the Issuer and delivered to the Bank.

“Legal Holiday” means a day on which the Bank is required or authorized by applicable law to be closed.

“Obligation Ordinance” means the ordinance of the City Council of the Issuer authorizing the issuance and delivery of the Obligations.

“Owner” means the Person in whose name an Obligation is registered in the Register.

“Paying Agent” means the Bank when it is performing the functions associated with the terms in this Agreement.

“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 Obligations” of any particular Obligation means every previous Obligation evidencing all or a portion of the same obligation as that evidenced by such particular Obligation (and, for the purposes of this definition, any Obligation registered and delivered under Section 4.06 in lieu of a mutilated, lost, destroyed or stolen Obligation shall be deemed to evidence the same obligation as the mutilated, lost, destroyed or stolen Obligation).

“Record Date” means the last Business Day of the month next preceding an interest payment date established by the Obligation Ordinance.

“Register” means a register in which the Issuer shall provide for the registration and transfer of Obligations.

“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.

“Stated Maturity” means the date or dates specified in the Obligation Ordinance as the fixed date on which the principal of the Obligations is due and payable or the date fixed in accordance with the terms of the Obligation Ordinance for redemption of the Obligations, or any portion thereof, prior to the fixed maturity date.

ARTICLE III

PAYING AGENT

Section 3.01 Duties of Paying Agent. (a) The Bank, as Paying Agent and on behalf of the Issuer, shall pay to the Owner, at the Stated Maturity and upon the surrender of the Obligation or Obligations so maturing at the Bank Office, the principal amount of the Obligation or Obligations then maturing, and redemption premium, if any, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payment.

(b) The Bank, as Paying Agent and on behalf of the Issuer, shall pay interest when due on the Obligations to each Owner of the Obligations (or their Predecessor Obligations) as shown in the Register at the close of business on the Record Date, provided that the Bank shall have been provided by or on behalf of the Issuer adequate funds to make such payments; such payments shall be made by computing the amount of interest to be paid each Owner, preparing the checks, and mailing the checks on each interest payment date addressed to each Owner’s address as it appears in the Register on the Record Date.

Section 3.02 Payment Dates. The Issuer hereby instructs the Bank to pay the principal of, redemption premium, if any, and interest on the Obligations at the dates specified in the Obligation Ordinance.

ARTICLE IV

REGISTRAR

Section 4.01 Transfer and Exchange. (a) The Issuer shall keep the Register at the Bank Office, and subject to such reasonable written regulations as the Issuer may prescribe, which

regulations shall be furnished to the Bank herewith or subsequent hereto by Issuer Order, the Issuer shall provide for the registration and transfer of the Obligations. The Bank is hereby appointed "Registrar" for the purpose of registering and transferring the Obligations as herein provided. The Bank agrees to maintain the Register while it is Registrar. The Bank agrees to at all times maintain a copy of the Register at its office located in the State of Texas.

(b) The Bank as Registrar hereby agrees that at any time while any Obligation is outstanding, the Owner may deliver such Obligation to the Registrar for transfer or exchange, accompanied by instructions from the Owner, or the duly authorized designee of the Owner, designating the persons, the maturities, and the principal amounts to and in which such Obligation is to be transferred and the addresses of such persons; the Registrar shall thereupon, within not more than three (3) business days, register and deliver such Obligation or Obligations as provided in such instructions. The provisions of the Obligation Ordinance shall control the procedures for transfer or exchange set forth herein to the extent such procedures are in conflict with the provisions of the Obligation Ordinance.

(c) Every Obligation 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 in a manner satisfactory to the Bank, duly executed by the Owner thereof or his attorney duly authorized in writing.

(d) The Bank may request any supporting documentation it feels necessary to effect a re-registration.

Section 4.02 The Obligations. The Issuer shall provide an adequate inventory of unregistered Obligations to facilitate transfers. The Bank covenants that it will maintain the unregistered Obligations in safekeeping and will use reasonable care in maintaining such unregistered Obligations in safekeeping, which shall be not less than the care it maintains for debt securities of other governments or corporations for which it serves as registrar, or which it maintains for its own securities.

Section 4.03 Form of Register. (a) The Bank as Registrar will maintain the records of the Register in accordance with the Bank's general practices and procedures in effect from time to time. The Bank shall not be obligated to maintain such Register in any form other than a form which the Bank has currently available and currently utilizes at the time.

(b) The 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 Owners. (a) The Bank will provide the Issuer at any time requested by the Issuer, upon payment of the cost, if any, of reproduction, a copy of the information contained in the Register. The Issuer may also inspect the information in the 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.

(b) The Bank will not release or disclose the content of the Register to any person other than to, or at the written request of, an authorized officer or employee of the Issuer, except

upon receipt of a subpoena or court order or as otherwise required by law. Upon receipt of a subpoena or court order the Bank will notify the Issuer so that the Issuer may contest the subpoena or court order..

Section 4.05 Cancellation of Obligations. All Obligations surrendered for payment, redemption, transfer, exchange, or replacement, if surrendered to the Bank, shall be promptly cancelled by it and, if surrendered to the Issuer, shall be delivered to the Bank and, if not already cancelled, shall be promptly cancelled by the Bank. The Issuer may at any time deliver to the Bank for cancellation any Obligations previously certified or registered and delivered which the Issuer may have acquired in any manner whatsoever, and all Obligations so delivered shall be promptly cancelled by the Bank. All cancelled Obligations held by the Bank shall be disposed of pursuant to the Bank's record retention policy.

Section 4.06 Mutilated, Destroyed, Lost, or Stolen Obligations. (a) Subject to the provisions of this Section 4.06, the Issuer hereby instructs the Bank to deliver fully registered Obligations in exchange for or in lieu of mutilated, destroyed, lost, or stolen Obligations as long as the same does not result in an overissuance.

(b) If (i) any mutilated Obligation is surrendered to the Bank, or the Issuer and the Bank receives evidence to their satisfaction of the destruction, loss, or theft of any Obligation, and (ii) there is delivered to the Issuer and the Bank such security or indemnity as may be required by the Bank to save and hold each of them harmless, then in the absence of notice to the Issuer or the Bank that such Obligation has been acquired by a bona fide purchaser, the Issuer shall execute, and upon its request the Bank shall register and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost, or stolen Obligation, a new Obligation of the same stated maturity and of like tenor and principal amount bearing a number not contemporaneously outstanding.

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

(d) Upon the satisfaction of the Bank and the Issuer that an Obligation has been mutilated, destroyed, lost, or stolen, and upon receipt by the Bank and the Issuer of such indemnity or security as they may require, the Bank shall cancel the Obligation number on the Obligation registered with a notation in the Register that said Obligation has been mutilated, destroyed, lost, or stolen; and a new Obligation shall be issued of the same series and of like tenor and principal amount bearing a number, according to the Register, not contemporaneously outstanding.

(e) The Bank may charge the Owner the Bank's fees and expenses in connection with issuing a new Obligation in lieu of or exchange for a mutilated, destroyed, lost, or stolen Obligation.

(f) The Issuer hereby accepts the Bank's current blanket bond for lost, stolen, or destroyed Obligations and any future substitute blanket bond for lost, stolen, or destroyed Obligations that the Bank may arrange, and agrees that the coverage under any such blanket bond is acceptable to it and meets the Issuer's requirements as to security or indemnity. The Bank need not notify the Issuer of any changes in the security or other company giving such bond or the terms of any such bond, provided that the amount of such bond is not reduced below the amount of the bond on the date of execution of this Agreement. The blanket bond then utilized by the Bank for lost, stolen, or destroyed Obligations by the Bank is available for inspection by the Issuer on request.

Section 4.07 Transaction Information to Issuer. The Bank will, within a reasonable time after receipt of written request from the Issuer, furnish the Issuer information as to the Obligations it has paid pursuant to Section 3.01, Obligations it has delivered upon the transfer or exchange of any Obligations pursuant to Section 4.01, and Obligations it has delivered in exchange for or in lieu of mutilated, destroyed, lost or stolen Obligations pursuant to Section 4.06 of this Agreement.

ARTICLE V

THE BANK

Section 5.01 Duties of Bank. The Bank undertakes to perform the duties set forth herein and in accordance with the Obligation Ordinance and agrees to use reasonable care in the performance thereof. The Bank hereby agrees to use the funds deposited with it for payment of the principal of, redemption premium, if any, and interest on the Obligations, to pay the Obligations as the same shall become due and further agrees to establish and maintain all accounts and funds as may be required for the Bank to function as Paying Agent. The Bank is also authorized to transfer funds relating to the closing and initial delivery of the Obligations in the manner described in the closing memorandum prepared by the Issuer's Financial Advisor or other agent on behalf of the Issuer. The Bank may act on a facsimile or email transmission of the closing memorandum acknowledged by the Issuer's Financial Advisor or the Issuer as the final closing memorandum. The Bank shall not be liable for any losses, costs or expenses arising directly or indirectly from the Bank's reliance upon and compliance with such instructions.

Section 5.02 Reliance on Documents, Etc. (a) The Bank may conclusively rely, as to the truth of the statements and correctness of the opinions expressed therein, on certificates or opinions furnished to the Bank.

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

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

(d) The Bank may rely and shall be protected in acting or refraining from acting upon any ordinance, resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, 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 Obligations, but is protected in acting upon receipt of Obligations containing an endorsement or instruction of transfer or power of transfer which appears on its face to be signed by the Owner or an attorney-in-fact of the Owner. The Bank shall not be bound to make any investigation into the facts or matters stated in an ordinance, resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, certificate, 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. (a) The recitals contained herein and in the Obligations shall be taken as the statements of the Issuer, and the Bank assumes no responsibility for their correctness.

(b) The Bank shall in no event be liable to the Issuer, any Owner or Owners, or any other Person for any amount due on any Obligation except as otherwise expressly provided herein with respect to the liability of the Bank for its duties under this Agreement.

Section 5.04 May Hold Obligations. The Bank, in its individual or any other capacity, may become the Owner or pledgee of Obligations 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 Money Held by Bank. (a) Money held by the Bank hereunder need not be segregated from any other funds provided appropriate accounts are maintained.

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

(c) Subject to the provisions of Title 6, Texas Property Code, any money deposited with the Bank for the payment of the principal, redemption premium, if any, or interest on any Obligation and remaining unclaimed for three years after final maturity of the Obligation has become due and payable will be paid by the Bank to the Issuer, and the Owner of such Obligation shall thereafter look only to the Issuer for payment thereof, and all liability of the Bank with respect to such monies shall thereupon cease.

(d) The Bank will comply with the reporting requirements of Chapter 74 of the Texas Property Code.

(e) The Bank shall deposit any moneys received from the Issuer into a trust account to be held in a paying agent capacity for the payment of the Obligations, with such moneys in the account that exceed the deposit insurance, available to the Issuer, provided 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 and to the extent practicable under the laws of the United States of America to secure and be pledged as collateral for trust accounts until the principal and interest on the Obligations have 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 Obligations shall, at its own expense and risk, request such other medium of payment.

Section 5.06 Indemnification. To the extent permitted by law, the Issuer agrees to indemnify the Bank, its officers, directors, employees, and agents for, and hold them harmless against, any loss, liability, or expense incurred without negligence or bad faith on their part arising out of or in connection with its acceptance or administration of the Bank's duties hereunder, and under Article V of the Obligation Ordinance, including the cost and expense (including its counsel fees) of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties under this Agreement.

Section 5.07 Interpleader. The Issuer and the Bank agree that the Bank may seek adjudication of any adverse claim, demands or controversy over its persons as well as funds on deposit in a court of competent jurisdiction within the State of Texas; waive personal service of any process; and agree that service of process by certified or registered mail, return receipt requested, to the address set forth in this Agreement shall constitute adequate service. The Issuer and the Bank further agree that the Bank has the right to file a Bill of Interpleader in any court of competent jurisdiction within the State of Texas to determine the rights of any person claiming any interest herein.

ARTICLE VI

MISCELLANEOUS PROVISIONS

Section 6.01 Amendment. This Agreement may be amended only by an agreement in writing signed by both of the parties hereof.

Section 6.02 Assignment. This Agreement may not be assigned by either party without the prior written consent of the other.

Section 6.03 Notices. Any request, demand, authorization, direction, notice, consent, waiver, or other document provided or permitted hereby to be given or furnished to the Issuer or the Bank shall be mailed or delivered to the Issuer or the Bank, respectively, at the addresses shown below:

(a) if to the Issuer: City of Copperas Cove, Texas
914 South Main Street, Suite B
Copperas Cove, Texas 76522
Attention: City Manager

(b) if to the Bank: FIRST NATIONAL BANK TEXAS
507 N. Gray Street
Killeen, Texas 76541
Attention: Corporate Trust

or

(b) if to the Bank: FIRST NATIONAL BANK TEXAS
PO Box 909
Killeen, Texas 76540
Attention: Corporate Trust

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.

Section 6.06 Separability. If 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 Obligation 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 Obligation Ordinance, the Obligation 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. (a) This Agreement will terminate on the date of final payment of principal, redemption premium, if any, and interest of the Obligations.

(b) This Agreement may be earlier terminated upon sixty (60) days written notice by either party; provided, that (i) no termination shall be effective until a successor has been appointed by the Issuer and has accepted the duties imposed by this Agreement and (ii) notice has been given to the Holders of the Obligations of the appointment of a successor paying agent/registrar. If the sixty (60) day notice period expires and no successor has been appointed, the Bank, at the expense of the Issuer, has the right to petition a court of competent jurisdiction for the appointment of a successor Paying Agent/Registrar. Furthermore, the Bank and the 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 Obligations.

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

(d) 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.

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

CITY OF COPPERAS COVE, TEXAS

By: _____
Mayor

ATTEST:

City Secretary

Signature Page to Paying Agent/Registrar Agreement

FIRST NATIONAL BANK TEXAS, as Paying
Agent/Registrar

By: _____
Title: _____

Signature Page to Paying Agent/Registrar Agreement

ANNEX "A"

SCHEDULE OF FEES FOR SERVICE AS PAYING AGENT/REGISTRAR