

ORDINANCE NO. 2012-20-06

AN ORDINANCE OF THE TOWN OF BAYVIEW, TEXAS, AUTHORIZING THE ISSUANCE OF "TOWN OF BAYVIEW, TEXAS, TAX NOTES, SERIES 2012", LEVYING AN ANNUAL AD VALOREM TAX, WITHIN THE LIMITATIONS PRESCRIBED BY LAW, FOR THE PAYMENT OF THE OBLIGATIONS; PRESCRIBING THE FORM, TERMS, CONDITIONS, AND RESOLVING OTHER MATTERS INCIDENT AND RELATED TO THE ISSUANCE, SALE, AND DELIVERY OF THE OBLIGATIONS; AUTHORIZING THE EXECUTION OF A PAYING AGENT/REGISTRAR AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town of Bayview, Texas, is a Type B General Law Municipality as that term is defined by Section 5.002 of the Texas Local Government Code; and,

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

WHEREAS, in accordance with the provisions of the Act, the Governing Body hereby finds and determines that an anticipation note should be issued and sold at this time to finance the costs of paying contractual obligations to be incurred for street renovation improvements consisting of two course surface treatment of certain streets in the Town of Bayview, Texas, and the payment of professional services related to the construction, design, bidding, and financing of the aforementioned project; and,

WHEREAS, the Governing Body hereby finds and determines that the issuance of an anticipation note is in the best interests of the residents of the Issuer;

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE TOWN OF BAYVIEW, TEXAS, THAT:

SECTION 1: Authorization - Designation - Principal Amount - Purpose. General obligation notes of the Issuer shall be and are hereby authorized to be issued in the aggregate principal amount of **FOUR HUNDRED THOUSAND AND NO/100 DOLLARS (\$400,000.00)**, to be designated and bear the title of "TOWN OF BAYVIEW, TEXAS TAX NOTES, SERIES 2012" (the "Obligations"), for the purpose of providing funds for street renovation improvements consisting of two course surface treatment of certain streets in the Town of Bayview, Texas, and the payment of professional services related to the construction, design, bidding, and financing of the aforementioned project, all in conformity with the laws of

the State of Texas, particularly Chapter 1431, as amended, Texas Government Code, an ordinance adopted by the Governing Body on June 21, 2012.

SECTION 2: Fully Registered Obligations – Authorized Denominations – Stated Maturities – Interest Rates – Dated Date. The Obligations shall be issued as fully registered obligations, without coupons, shall be dated July 2, 2012 (the “Dated Date”) and shall be generally in denominations of \$100,000.00 or any integral multiple of \$1,000.00 in excess thereof (within a Stated Maturity), shall be lettered “R-” and numbered consecutively from one (1) upward and principal shall become due and payable on the 30th day of October in each of the years (the “Stated Maturities”) and in the amounts and bear interest at the rates per annum in accordance with the following schedule:

<u>Years of Stated Maturity</u>	<u>Principal Amounts (\$)</u>	<u>*Interest Rate (%)</u>
2012	\$80,000.00	5.45
2013	\$80,000.00	5.45
2014	\$80,000.00	5.45
2015	\$80,000.00	5.45
2016	\$80,000.00	5.45

*If the Obligations are tax-free to the Holders, then the interest rate shall be 4.25%.

The Obligations shall bear interest on the unpaid principal amounts from the Closing Date (anticipated to occur on or about July 2, 2012), or from the most recent Interest Payment Date to which interest has been paid or duly provided for, to Stated Maturity, while Outstanding, at the rates per annum shown in the above schedule (calculated on the basis of a 360-day year of twelve 30-day months). Interest on the Obligations shall be payable on the 30th day of October in each year, commencing October 30, 2012 (the “Interest Payment Date”), while the Obligations are Outstanding.

SECTION 3: Payment of Obligations – Paying Agent/Registrar. The principal of, premium, if any, and the interest on the Obligations, due and payable by reason of Stated Maturity or otherwise, shall be payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts, and such payment of principal of, premium, if any, and interest on the Obligations shall be without exchange or collection charges to the Holder (as hereinafter defined) of the Obligations.

The selection and appointment of First Community Bank, National Association, P.O. Box 2030, San Benito, Texas 78586 (the “Paying Agent/Registrar”), to serve as the initial Paying Agent/Registrar for the Obligations is hereby approved and confirmed, and the Issuer agrees and covenants to cause to be kept and maintained at the corporate trust office of the Paying Agent/Registrar books and records (the “Security Register”) for the registration, payment, and transfer of the Obligations, all as provided herein, in accordance with the terms and provisions of a Paying Agent/Registrar Agreement, attached, in substantially final form, as **Exhibit A** hereto and incorporated by reference, and such reasonable rules and regulations as the Paying

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

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

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

Principal of and premium, if any, on the Obligations shall be payable only upon presentation and surrender of the Obligations to the Paying Agent/Registrar at its corporate trust office (provided, however, with respect to principal payments prior to the final Stated Maturity, the Obligations need not be surrendered to the Paying Agent/Registrar, who will merely document this payment on an internal ledger maintained by the Paying Agent/Registrar). Interest on the Obligations shall be paid to the Holder whose name appears in the Security Register at the close of business on the 15th day of the month next preceding an Interest Payment Date for the Obligations (the "Record Date") and shall be paid (i) by check sent by United States mail, first-class postage prepaid, by the Paying Agent/Registrar, to the address of the Holder appearing in the Security Register; or, (ii) by such other method, acceptable to the Paying Agent/Registrar, requested in writing by the Holder at the Holder's risk and expense.

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

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

SECTION 4: Redemption. The Obligations are not subject to redemption prior to the Stated Maturity.

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

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

SECTION 6: Registration – Transfer – Exchange of Obligations – Predecessor Obligations. The Paying Agent/Registrar shall obtain, record, and maintain in the Security Register the name and address of every owner of the Obligations, or, if appropriate, the nominee thereof. Any Obligation may, in accordance with its terms and the terms hereof, be transferred or exchanged for Obligations of other authorized denominations upon the Security Register by the Holder, in person or by his duly authorized agent, upon surrender of such Obligation to the Paying Agent/Registrar for cancellation, accompanied by a written instrument of transfer or request for exchange duly executed by the Holder or by his duly authorized agent in form satisfactory to the Paying Agent/Registrar.

Upon surrender for transfer of any Obligation at the corporate trust office of the Paying Agent/Registrar, the Issuer shall execute and the Paying Agent/Registrar shall register and deliver, in the name of the designated transferee or transferees, one or more new Obligations of

authorized denomination and having the same Stated Maturity and of a like interest rate and aggregate principal amount as the Obligation or Obligations surrendered for transfer.

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

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

All transfers or exchanges of Obligations pursuant to this Section shall be made without expense or service charge to the Holder, except as otherwise herein provided, and except that the Paying Agent/Registrar shall require payment by the Holder requesting such transfer or exchange of any tax or other governmental charges required to be paid with respect to such transfer or exchange.

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

SECTION 7: Initial Obligations. The Obligations herein authorized shall be initially issued as a single fully registered Obligation in the aggregate principal amount of \$400,000.00 with principal installments to become due and payable as provided in Section 2 hereof and numbered R-1 (the "Initial Obligations"), and the Initial Obligations shall be registered in the name of the Purchasers (defined herein) or the designee thereof. The Initial Obligations shall be the Obligations submitted to the Office of the Attorney General of the State of Texas for approval, certified and registered by the Office of the Comptroller of Public Accounts of the State of Texas and delivered to the Purchasers. Any time after the delivery of the Initial Obligations, the Paying Agent/Registrar, pursuant to written instructions from the Purchasers, or the designee thereof, shall cancel the Initial Obligations delivered hereunder and exchange therefor Definitive Obligations of like kind and of authorized denominations, Stated Maturities, principal amounts and bearing applicable interest rates for transfer and delivery to the Holders named at the addresses identified therefor; all pursuant to and in accordance with such written

instructions from the Purchasers, or the designee thereof, and such other information and documentation as the Paying Agent/Registrar may reasonably require.

SECTION 8: Forms.

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

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

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B. FORM OF DEFINITIVE OBLIGATION.

REGISTERED
NO. R-_____

REGISTERED
PRINCIPAL AMOUNT
\$_____

United States of America
State of Texas
County of Cameron
TOWN OF BAYVIEW, TEXAS
TAX NOTES, SERIES 2012

Dated Date:
July 2, 2012

Interest Rate:
5.45%

Stated Maturity:
October 30, 2016

CUSIP NO:

REGISTERED OWNER: _____

PRINCIPAL AMOUNT: _____ DOLLARS

The Town of Bayview, Texas (the "Issuer"), a Type B General Law Municipality in the County of Cameron, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner specified above, or the registered assigns thereof, on the Stated Maturity date specified above, the Principal Amount specified above and to pay interest on the unpaid Principal Amount hereof from the Closing Date (anticipated to occur on or about July 2, 2012), or from the most recent Interest Payment Date to which interest has been paid or duly provided for until such Principal Amount has become due and payment thereof has been made or duly provided for, to Stated Maturity, while Outstanding, at the per annum rate of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on the 30th day of October of each year commencing October 30, 2012.

Principal on this Obligation shall be payable to the Registered Owner hereof (the "Holder"), upon presentation and surrender (provided, however, with respect to principal payments prior to the final Stated Maturity, the Obligations need not be surrendered to the Paying Agent/Registrar, who will merely document this payment on an internal ledger maintained by the Paying Agent/Registrar), at the corporate trust office of the Paying Agent/Registrar executing the registration certificate appearing hereon or a successor thereof. Interest shall be payable to the Holder of this Obligation (or one or more Predecessor Obligations, as defined in the Ordinance hereinafter referenced) whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the 15th day of the month next preceding each Interest Payment Date. All payments of principal and of interest on this Obligation shall be in any coin or currency of the United States of America, which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the

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

This Obligation is one of the series specified in its title issued in the aggregate principal amount of \$400,000.00 (the "Obligations") pursuant to an ordinance adopted by the Governing Body of the Issuer (the "Ordinance"), for street renovation improvements consisting of two course surface treatment of certain streets in the Town of Bayview, Texas, and the payment of professional services related to the construction, design, bidding, and financing of the aforementioned project, all in conformity with the laws of the State of Texas, particularly Chapter 1431, as amended, Texas Government Code, an ordinance adopted by the Governing Body on June 21, 2012.

As provided in the Ordinance, the Obligations are not subject to redemption prior to Stated Maturity.

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

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

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

The Issuer and the Paying Agent/Registrar, and any agent of either, shall treat the Holder hereof whose name appears on the Security Register (i) on the Record Date as the owner hereof for purposes of receiving payment of interest hereon; (ii) on the date of surrender of this Obligation as the owner hereof for purposes of receiving payment of principal hereof at its Stated Maturity; and, (iii) on any other date as the owner hereof for all other purposes, and neither the Issuer nor the Paying Agent/Registrar, or any such agent of either, shall be affected by notice to the contrary. In the event of a non-payment of interest on a scheduled payment date, and for

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


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

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

TOWN OF BAYVIEW, TEXAS


By Leon Deason, Mayor

ATTEST:


Town Secretary

C. *FORM OF REGISTRATION CERTIFICATE OF COMPTROLLER OF
PUBLIC ACCOUNTS TO APPEAR ON INITIAL OBLIGATIONS ONLY.

REGISTRATION CERTIFICATE OF
COMPTROLLER OF PUBLIC ACCOUNTS

OFFICE OF THE COMPTROLLER OF
PUBLIC ACCOUNTS

THE STATE OF TEXAS

§
§
§
§

REGISTER NO. R-_____

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

WITNESS my signature and seal of office this _____ day of _____ 2012.

Comptroller of Public Accounts
of the State of Texas

(SEAL)

*NOTE TO PRINTER: Not to appear on printed Obligations.

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D. FORM OF CERTIFICATE OF PAYING AGENT/REGISTRAR TO APPEAR
ON DEFINITIVE OBLIGATIONS ONLY.

REGISTRATION CERTIFICATE OF PAYING AGENT/REGISTRAR

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

Registered this date:

FIRST COMMUNITY BANK, NATIONAL
ASSOCIATION, as Paying Agent/Registrar

By: Phil Teinert, Senior Vice President

(Remainder of this page intentionally left blank).

E. FORM OF ASSIGNMENT.

ASSIGNMENT

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

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

DATED: _____

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

Signature guaranteed:

(Remainder of this page intentionally left blank).

F. THE INITIAL OBLIGATIONS SHALL BE IN THE RESPECTIVE FORMS SET FORTH IN PARAGRAPH B OF THIS SECTION, EXCEPT THAT THE FORM OF A SINGLE FULLY REGISTERED INITIAL OBLIGATION SHALL BE MODIFIED AS FOLLOWS:

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

Registered Owner: First Community Bank, National Association

Principal Amount: \$400,000.00

The Town of Bayview, Texas, a Type B General Law Municipality in the County of Cameron, State of Texas, for value received, acknowledges itself indebted to and hereby promises to pay to the order of the Registered Owner named above, or the registered assigns thereof, the Principal Amount specified above on the 30th day of October in each of the years and in principal amounts and bearing interest at per annum rates in accordance with the following schedule:

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

and to pay interest on the unpaid Principal Amount hereof from the Closing Date (anticipated to occur on or about July 2, 2012) or from the most recent interest payment date to which interest has been paid or duly provided for until the Principal Amount has become due and payment thereof has been made or duly provided for, at the per annum rates of interest specified above computed on the basis of a 360-day year of twelve 30-day months; such interest being payable on the 30th day of October of each year, commencing October 30, 2012.

Principal of this Obligation shall be payable to the Registered Owner hereof (the "Holder"), upon its presentation and surrender, at the corporate trust office of First Community Bank, National Association (the "Paying Agent/Registrar"). Interest shall be payable to the Holder of this Obligation whose name appears on the Security Register maintained by the Paying Agent/Registrar at the close of business on the Record Date, which is the 15th day of the month next preceding each interest payment date. All payments of principal of and interest on this Obligation shall be in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts. Interest shall be paid by the Paying Agent/Registrar by check sent on or prior to the appropriate date of payment by United States mail, first-class postage prepaid, to the Holder hereof at the address appearing in the Security Register or by such other method, acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the Holder hereof.

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

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

A. The term "Authorized Official" shall mean the Mayor.

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

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

D. The term "Depository" shall mean First Community Bank.

E. The term "Government Securities", as used herein, shall mean (i) direct noncallable obligations of the United States, including obligations that are unconditionally guaranteed by, the United States of America; (ii) noncallable obligations of an agency or instrumentality of the United States, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; (iii) noncallable obligations of a state or an agency or a county, municipality, or other political subdivision of a state that have been refunded and that, on the date the governing body of the issuer adopts or approves the proceedings authorizing the issuance of refunding bonds, are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent; or, (iv) any additional securities and obligations hereafter authorized by

the laws of the State of Texas as eligible for use to accomplish the discharge of obligations such as the Obligations.

F. The term "Holder" or "Holders" shall mean the registered owner, whose name appears in the Security Register, for any Obligation.

G. The term "Interest Payment Date" shall mean the date interest is payable on the Obligations, being the 30th day of October of each year, commencing October 30, 2012, while any of the Obligations remain Outstanding.

H. The term "Issuer" shall mean the Town of Bayview, Texas, located in the County of Cameron, State of Texas, and, where appropriate, the Governing Body of the Issuer.

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

J. The term "Obligations" shall mean the \$400,000.00 "TOWN OF BAYVIEW, TEXAS TAX NOTES, SERIES 2012" authorized by this Ordinance.

K. The term "Ordinance" shall mean this Ordinance finally adopted by the Governing Body of the Issuer on June 21, 2012.

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

- (1) those Obligations canceled by the Paying Agent/Registrar or delivered to the Paying Agent/Registrar for cancellation;
- (2) those Obligations for which payment has been duly provided by the Issuer in accordance with the provisions of Section 21 of this Ordinance; and,
- (3) those Obligations that have been mutilated, destroyed, lost, or stolen and replacement Obligations have been registered and delivered in lieu thereof as provided in Section 17 of this Ordinance.

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

N. The term "Stated Maturity" shall mean the annual principal payments of the Obligations payable on the 30th day of October of each year, as set forth in Section 2 of this Ordinance.

SECTION 10: Obligation Fund – Investments. For the purpose of paying the interest on and providing a sinking fund for the payment, redemption, and retirement of the Obligations, there shall be and is hereby created a special Fund to be designated "TAX NOTES, SERIES 2012, INTEREST AND SINKING FUND" (the "Obligation Fund"), which Fund shall be kept and maintained at the Depository, and money deposited in such Fund shall be used for no other purpose. Authorized Officials of the Issuer are hereby authorized and directed to make withdrawals from the Obligation Fund sufficient to pay the principal of, premium, if any, and interest on the Obligations as the same become due and payable and shall cause to be transferred to the Paying Agent/Registrar from money on deposit in the Obligation Fund an amount sufficient to pay the amount of principal and/or interest stated to mature on the Obligations, such transfer of funds to the Paying Agent/Registrar to be made in such manner as will cause immediately available funds to be deposited with the Paying Agent/Registrar on or before the business day next preceding each interest and principal payment date for the Obligations.

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

SECTION 11: Tax Levy. To provide for the payment of the Debt Service Requirements on the Obligations being (i) the interest on the Obligations and (ii) a sinking fund for their redemption at Stated Maturity or a sinking fund of 2% (whichever amount shall be the greater), there shall be and there is hereby levied for the current year and each succeeding year thereafter while the Obligations or any interest thereon shall remain Outstanding, a sufficient tax, within the limitations prescribed by law, on each one hundred dollars' valuation of taxable property in the Issuer, adequate to pay such Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and applied to the payment of the Debt Service Requirements, full allowance being made for delinquencies and costs of collection; said tax shall be assessed and collected each year and

applied to the payment of the Debt Service Requirements, and the same shall not be diverted to any other purpose. The taxes so levied and collected shall be paid into the Obligation Fund and are thereafter pledged to the payment of the Obligations. The Governing Body hereby declares its purpose and intent to provide and levy a tax legally and fully sufficient to pay such Debt Service Requirements, it having been determined that the existing and available taxing authority of the Issuer for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding indebtedness and other obligations of the Issuer.

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

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

SECTION 13: Security of Funds. All money on deposit in the Funds for which this Ordinance makes provision (except any portion thereof as may be at any time properly invested as provided herein) shall be secured in the manner and to the fullest extent required by the laws of the State of Texas for the security of public funds, and money on deposit in such Funds shall be used only for the purposes permitted by this Ordinance.

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

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

SECTION 15: Notices to Holders – Waiver. Wherever this Ordinance provides for notice to Holders of any event, such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and sent by United States mail, first-class postage prepaid, to the address of each Holder as it appears in the Security Register at the close of business on the business day next preceding the mailing of such notice.

In any case where notice to Holders is given by mail, neither the failure to mail such notice to any particular Holders, nor any defect in any notice so mailed, shall affect the sufficiency of such notice with respect to all other Holders. Where this Ordinance provides for notice in any manner, such notice may be waived in writing by the Holder entitled to receive such notice, either before or after the event with respect to which such notice is given, and such waiver shall be the equivalent of such notice. Waivers of such notice by Holders shall be filed with the Paying Agent/Registrar, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

SECTION 16: Cancellation. All Obligations surrendered for payment, transfer, exchange, or replacement, if surrendered to the Paying Agent/Registrar, shall be promptly canceled by it and, if surrendered to the Issuer, shall be delivered to the Paying Agent/Registrar and, if not already canceled, shall be promptly canceled by the Paying Agent/Registrar. The Issuer may at any time deliver to the Paying Agent/Registrar for cancellation any Obligations previously certified or registered and delivered, which the Issuer may have acquired in any manner whatsoever, and all Obligations so delivered shall be promptly canceled by the Paying Agent/Registrar. All canceled Obligations held by the Paying Agent/Registrar shall be destroyed as directed by the Issuer.

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

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

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

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

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

SECTION 18: Sale of Obligations – Approval of Purchase Contract – Use of Proceeds.
The Obligations authorized by this Ordinance are hereby sold by the Issuer to First Community Bank (the “Purchasers”, having all the rights, benefits, and obligations of a Holder) in accordance with the provisions and consideration expressed in the Paying Agent/Registrar Agreement attached hereto as **Exhibit A** and incorporated by reference as a part of this Ordinance for all purposes. The Initial Obligations shall be registered in the name of First Community Bank, National Association. The pricing and terms of the sale of the Obligations are hereby found and determined to be the most advantageous reasonably obtainable by the Town of Bayview, Texas. The Mayor of the Issuer is hereby authorized and directed to execute the Paying Agent/Registrar Agreement for and on behalf of the Issuer and as the act and deed of this Governing Body, and in regard to the approval and execution of the Paying Agent/Registrar Agreement, the Governing Body hereby finds, determines and declares that the representations, warranties, and agreements of the Issuer contained in the Paying Agent/Registrar Agreement are true and correct in all material respects and shall be honored and performed by the Issuer. Delivery of the Obligations to the Purchasers shall occur as soon as practicable after the adoption of this Ordinance, upon payment therefor in accordance with the terms of the Paying Agent/Registrar Agreement.

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

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

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

SECTION 19: Intentionally Omitted.

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

Furthermore, each Authorized Official, or any combination thereof, is hereby authorized and directed to furnish and execute such documents relating to the Issuer and its financial affairs as may be necessary for the issuance of the Obligations, the approval of the Attorney General and their registration by the Comptroller of Public Accounts and, together with the Paying Agent/Registrar, make the necessary arrangements for the delivery of the Initial Obligations to the Purchasers and the initial exchange thereof for definitive Obligations.

SECTION 21: Satisfaction of Obligation of Issuer. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid to the Holders, the principal of, premium, if any, and interest on the Obligations, at the times and in the manner stipulated in this Ordinance, then the pledge of taxes levied under this Ordinance and all covenants, agreements, and other obligations of the Issuer to the Holders shall thereupon cease, terminate, and be discharged and satisfied.

Obligations, or any principal amount(s) thereof, shall be deemed to have been paid within the meaning and with the effect expressed above in this Section when (i) money sufficient to pay in full such Obligations or the principal amount(s) thereof at Stated Maturity, together with all interest due thereon, shall have been irrevocably deposited with and held in trust by the Paying Agent/Registrar, or an authorized escrow agent; and/or, (ii) Government Securities shall have been irrevocably deposited in trust with the Paying Agent/Registrar, or an authorized escrow agent, which Government Securities have, in the case of a net defeasance, been certified by an independent accounting firm to mature as to principal and interest in such amounts and at such times as will insure the availability, without reinvestment, of sufficient money, together with any money deposited therewith, if any, to pay when due the principal of and interest on such Obligations, or the principal amount(s) thereof, at the Stated Maturity thereof. In the event of a gross defeasance of the Obligations, the Issuer shall deliver a certificate from its financial advisor, the Paying Agent/Registrar, or another qualified third party concerning the deposit of cash and/or Government Securities to pay, when due, the principal of, redemption premium (if any), and interest due on any defeased Obligations.

Any money so deposited with the Paying Agent/Registrar, and all income from Government Securities held in trust by the Paying Agent/Registrar, or an authorized escrow agent, pursuant to this Section, which is not required for the payment of the Obligations, or any principal amount(s) thereof, or interest thereon with respect to which such money has been so deposited shall be remitted to the Issuer or deposited as directed by the Issuer. Furthermore, any money held by the Paying Agent/Registrar for the payment of the principal of and interest on the Obligations and remaining unclaimed for a period of three (3) years after the Stated Maturity of the Obligations such money was deposited and is held in trust to pay shall upon the request of the Issuer be remitted to the Issuer against a written receipt therefor, subject to the unclaimed property laws of the State of Texas.

SECTION 22: Intentionally Omitted.

SECTION 23: CUSIP Numbers. CUSIP numbers may be printed or typed on the definitive Obligations. It is expressly provided, however, that the presence or absence of CUSIP numbers on the definitive Obligations shall be of no significance or effect as regards the legality thereof, and neither the Issuer nor attorneys approving said Obligations as to legality are to be held responsible for CUSIP numbers incorrectly printed or typed on the definitive Obligations.

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

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

SECTION 26: Benefits of Ordinance. Nothing in this Ordinance, expressed or implied, is intended or shall be construed to confer upon any person other than the Issuer, Paying Agent/Registrar, and the Holders, any right, remedy, or claim, legal or equitable, under or by reason of this Ordinance or any provision hereof, this Ordinance and all its provisions being intended to be and being for the sole and exclusive benefit of the Issuer, the Paying Agent/Registrar, and the Holders.

SECTION 27: Inconsistent Provisions. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Ordinance are hereby repealed to the extent of such conflict, and the provisions of this Ordinance shall be and remain controlling as to the matters ordained herein.

SECTION 28: Construction of Terms. If appropriate in the context of this Ordinance, words of the singular number shall be considered to include the plural, words of the plural number shall be considered to include the singular, and words of the masculine, feminine, or neuter gender shall be considered to include the other genders.

SECTION 29: Governing Law. This Ordinance shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 30: Severability. If any provision of this Ordinance or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Ordinance and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Governing Body hereby declares that this Ordinance would have been enacted without such invalid provision.

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

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

SECTION 33: Public Meeting. It is officially found, determined, and declared that the meeting at which this Ordinance is finally adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Ordinance, was given, all as required by Chapter 551, as amended, Texas Government Code.

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

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

SECTION 36: Intentionally Omitted.

SECTION 37: Intentionally Omitted.

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

SECTION 39: Accounting Reports. The Issuer shall provide annually to the Purchasers for so long as they are a Holder of the Obligations, within 180 days after the end of each fiscal year ending in or after 2012, financial information and operating data with respect to the Issuer; provided that such financial statements so to be provided shall be (1) prepared in accordance with the generally accepted accounting principles, or such other accounting principles as the Issuer may be required to employ from time to time pursuant to Texas law or regulations; and, (2) audited, if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period, then the Issuer shall provide (1) unaudited financial statements for the applicable fiscal year within six months after the end of such fiscal year; and, (2) audited financial statements for the applicable fiscal year to the Purchasers when and if the audit report on such statements becomes available.

SECTION 40: Effective Date. Pursuant to the provisions of Section 1201.028, as amended, Texas Government Code, this Ordinance shall be effective immediately upon adoption.

SIGNATURE PAGE TO FOLLOW:

PASSED AND ADOPTED by the Board of Aldermen of the Town of Bayview, Texas,
this the 21st day of June 2012.

TOWN OF BAYVIEW, TEXAS


By: Leon Deason, Mayor

ATTEST:


Town Secretary