

## ORDINANCE # 2013-06

**ORDINANCE OF THE CITY OF RIESEL, TEXAS APPROVING THE BORROWING OF MONEY FROM GOVERNMENT CAPITAL CORPORATION, AUTHORIZING THE EXECUTION OF DOCUMENTS, ESTABLISHING AN INTEREST AND SINKING FUND, PROVIDING FOR LEVY OF A SUFFICIENT TAX, AND AUTHORIZING SUCH ACTS AS ARE NECESSARY OR APPROPRIATE TO COMPLETE THE BORROWING OF THE PRINCIPAL SUM OF \$120, 749.40 FROM GOVERNMENT CAPITAL CORPORATION**

WHEREAS, the City of Riesel has a need to acquire and install updated water meters, and

WHEREAS, the City finds it necessary to borrow \$120,749.40 to acquire the meters and services from HD SUPPLY WATERWORKS, LTD., and

WHEREAS, the City is authorized to borrow money based on its credit pursuant to §101.005(c) of the Local Government Code and other state law, and

WHEREAS, GOVERNMENT CAPITAL CORPORATION has offered to lend the funds to the City on terms which the City Council finds acceptable.

NOW, THEREFORE,

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

1. The borrowing of the principal sum of \$120,749.40 from **GOVERNMENT CAPITAL CORPORATION (hereinafter "GCC")** at an interest rate of 3.32%, to be paid in 10 semi-annual payments is APPROVED.
2. The Public Property Finance Act Contract with GCC attached hereto as Exhibit "A" is APPROVED, and the Mayor is authorized to sign the Public Property Finance Act Contract (hereinafter "Contract") and any other instruments necessary to complete the borrowing transaction, and to bind the City thereby;
3. A special "Interest and Sinking Fund" (sometimes referred to as "sinking fund" herein) shall be established and maintained by the City as a separate fund or account at its depository. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the City, and shall be used *only* for paying the interest on and the principal of the Contract. During each year while the Contract is outstanding and unpaid, the governing body of the City shall compute and ascertain a rate and amount of ad valorem tax that will be sufficient to raise and produce the money required to pay the interest and principal payments on the Contract as such payments come due. In no circumstance shall the tax levy for a year ever be less than that required to pay interest as it comes due and to deposit into the interest and sinking fund at least 2% of the principal of the Contract. The tax shall be based on the latest approved tax rolls of the City, with full allowances being made for tax delinquencies and the cost of tax collection. Such rate and amount of ad valorem tax is hereby levied, and is hereby ordered to be levied,

against all taxable property in the City, for each year while the Contract is outstanding and unpaid, and the tax shall be assessed and collected each such year the Contract is outstanding and unpaid, and deposited to the credit of the Interest and Sinking Fund. Once deposited to the Interest and Sinking Fund, the funds shall only be used to pay the City's obligations under the Contract to GCC. Any accumulated sinking fund credit on deposit at the date of the last payment due under the Contract will be applied towards the final Contract payment. Nothing herein is intended to create a debt under the provisions of the Texas Constitution.

4. If any section, subsection, provision or clause of this Ordinance is for any reason held to be unconstitutional, void, voidable or invalid, the validity of the remainder of the Ordinance shall not be affected thereby, it being the intent of the City Council in adopting this Ordinance that the unconstitutionality or invalidity of one part of this Ordinance shall only make that part inoperative, and sever it from the Ordinance, and shall not affect the remainder of the Ordinance.
5. This Ordinance was adopted at a meeting posted and held in accordance with Chapter 551 of the Government Code.
6. A special quorum of 2/3rds of the Council (including the Mayor) was present for the vote on this Ordinance.

PASSED this 16<sup>th</sup> day of July, 2013.

x Roger Fitzpatrick  
Mayor  
City of Riesel

ATTEST:

Alisha Flanary  
City Secretary



# PUBLIC PROPERTY FINANCE ACT CONTRACT

THIS Public Property Finance Act Contract **No.6330** (hereafter referred to as the "Finance Contract") is dated as of **July 16, 2013**, by and between **Government Capital Corporation**, a Texas corporation (herein referred to as "GCC"), and the **City of Riesel**, a political sub-division or agency of the State of Texas (hereinafter referred to as the "Issuer").

WITNESSETH: In furtherance of the providing by GCC of financing to the Issuer in connection with the Issuer's acquisition from **HD Supply Waterworks** that is more fully described on EXHIBIT A attached hereto (the "Property"), and in consideration of the mutual covenants and conditions hereinafter set forth, pursuant to the provisions of the Public Property Finance Act, Chapter 271, Subchapter A, Texas Local Government Code, as amended (the "Act"), the parties agree as follows:

**1. Term and Payments.** The Issuer hereby covenants and agrees to pay to the order of GCC and GCC's successors and assigns those principal and interest installment amounts in those sums set forth on EXHIBIT B attached hereto (the "Payments") on or before those dates per installment that are more fully set forth on EXHIBIT B (the "Payment Dates"). It is acknowledged and understood that GCC may assign its rights hereunder to a third party and that notice of said assignment shall be provided to the Issuer and that the Issuer, thereafter, shall look to and consider said assignee as the party to whom all of the Issuer's duties hereunder are owed. The obligation of the Issuer to make the Payments shall not be subject to set-off, counterclaim, or recoupment to the extent permitted by law. The interest is calculated on the basis of a 30/360-day year on the unpaid principal amounts from the Schedule Date of the EXHIBIT B.

**2. Security, Levy of Taxes, Budgeting.**

**(a)** During the term of this Finance Contract, the Issuer covenants that prior to adopting a budget for any ensuing fiscal year it shall place in its proposed budget for such ensuing fiscal year an amount necessary to pay the Finance Contract Payments for such ensuing fiscal year, and that the final budget for each fiscal year shall set aside and appropriate out of Maintenance Taxes and other revenues and funds lawfully available therefore an amount sufficient to pay the Finance Contract Payments. The Issuer hereby agrees to assess and collect, a continuing direct annual Maintenance Tax on all taxable property within the boundaries of the Issuer, within the limitations prescribed by law, at a rate from year to year sufficient, together with such other revenues and funds lawfully available to the Issuer for the payment of the Payments, to provide funds each year to pay the Payments, full allowance being made for delinquencies and costs of collection. Such taxes and such revenues and funds in an amount sufficient to make the Payments are pledged to GCC and GCC's successors and assigns for such purpose as the same shall become due and payable under this Finance Contract.

**(b)** The Issuer waives all rights of set-off, recoupment, counterclaim and abatement against GCC and GCC's successors and assigns with respect to the amounts due under this Finance Contract, and the Issuer's obligation to pay amounts due under this Finance Contract is absolute and unconditional and not subject to set-off, recoupment, counterclaim or abatement for any reason whatsoever.

**3. Deposit into the Payment Fund.**

**(a)** Upon this Finance Contract taking effect the Issuer shall establish a Payment Fund, which shall be maintained by the Issuer as long as any Payments are unpaid. The Issuer hereby pledges the Payment Fund for the exclusive purpose of securing the Payments and shall apply the funds therein to the payment of Payments as such payments come due.

**(b)** Each year in which Payments come due, the Issuer shall, not later than the day preceding any such due date, deposit into the Payment Fund, from the Issuer's maintenance and operations taxes or other lawfully available funds (within the limits prescribed by law) an amount sufficient to make such payment. To the extent permitted by law, the Issuer hereby pledges its maintenance and operations tax as security for this obligation.

**(c)** The Payment Fund shall be depleted at least once a year except for a carryover amount not to exceed one twelfth (1/12) of the amount of the Payments expected to come due in the following year.

**4. Taxes.** The Issuer agrees to directly pay all taxes, insurance and other costs of every nature associated with its ownership of the Property.

**5. The Issuer's Covenants and Representations.** The Issuer covenants and represents as follows:

**(a)** The Issuer will provide an opinion of its counsel to the effect that, it has full power and authority to enter into this Finance Contract which has been duly authorized, executed, and delivered by the Issuer and is a valid and binding obligation enforceable in accordance with its terms, and all requirements for execution, delivery and performance of this Finance Contract have been, or will be, complied with in a timely manner;

**(b)** All Payments hereunder for the current fiscal period have been duly authorized and will be paid when due;

**(c)** There are no pending or threatened lawsuits or administrative or other proceedings contesting the authority for, authorization of performance of, or expenditure of funds pursuant to this Finance Contract;

**(d)** The information supplied and statements made by the Issuer in any financial statement or current budget prior to or contemporaneously with this Finance Contract are true and correct;

**(e)** The Issuer has complied with all bidding/proposal laws applicable to this transaction and the purchase of the Property.

**(f)** No contract, rental agreement, lease-purchase agreement, payment agreement or contract for purchase under the Act to which the Issuer has been a party at any time during the past ten (10) years has been terminated by the Issuer as a result of insufficient funds being appropriated in any Fiscal Year. No event has occurred which would constitute an event of default under any debt, revenue bond or obligation which the Issuer has issued during the past ten (10) years.

**6. Use and Licenses.** The Issuer shall pay and discharge all operating and other expenses of every nature associated with its use of the Property. The Issuer shall obtain, at its expense, all registrations, permits and licenses, if any, required by law for the installation and operation of the Property.

**7. Maintenance.** The Issuer agrees to be solely responsible for all maintenance and operating costs of every nature associated with its ownership of the Property and the Issuer acknowledges that GCC or GCC's successors or assigns shall have no responsibility for the payment of any such costs.

**8. Damage to or Destruction of Property.** The Issuer shall bear the entire risk of loss, damage, theft, or destruction of the Property from any and every cause whatsoever, and no loss, damage, destruction, or other event shall release the Issuer from the obligation to pay the full amount of the payments or from any other obligation under this Finance Contract.

**9. No Warranty.** EXCEPT FOR REPRESENTATIONS, WARRANTIES, AND SERVICE AGREEMENTS RELATING TO THE PROPERTY MADE OR ENTERED INTO BY THE MANUFACTURERS OR SUPPLIERS OF THE PROPERTY, IF ANY, ALL OF WHICH ARE HEREBY ASSIGNED TO THE ISSUER, GCC HAS MADE AND MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AND ASSUMES NO OBLIGATION WITH RESPECT TO THE TITLE, MERCHANTABILITY, CONDITION, QUALITY OR FITNESS OF THE PROPERTY DESCRIBED IN EXHIBIT A FOR ANY PARTICULAR PURPOSE OR THE CONFORMITY OF THE PROPERTY TO SPECIFICATION OR PURCHASE ORDER. All such risks shall be borne by the Issuer without in any way excusing it from its obligations under this Finance Contract, and GCC shall not be liable for any damages on account of such risks. All claims or actions on any warranty so assigned shall be made or prosecuted by the Issuer, at its sole expense, upon prior written notice to GCC. GCC or its assigns may, but shall have no obligation whatsoever to, participate in a claim on any warranty. Any recovery under such a warranty shall be made payable jointly to both parties.

**10. Evidence of Indebtedness and Security Agreement.**

**(a)** An executed copy of this Finance Contract shall evidence the indebtedness of the Issuer as provided herein and shall constitute a security agreement pursuant to applicable law, with GCC, its successors or assigns as the secured party. The grants, lien, pledge and security interest of GCC, its successors or assigns created herein shall become effective immediately upon and from the Delivery Date, and the same shall be continuously effective for so long as any Finance Contract Payments are outstanding.

**(b)** A fully executed copy of this Finance Contract and the proceedings authorizing same shall be kept at all times and shall be filed and recorded as a security agreement among the permanent records of the Issuer. Such records shall be open for inspection to any member of the general public and to any individual, firm, corporation, governmental entity or other person proposing to do or doing business with, or having or asserting claims against the Issuer, at all times during regular business hours.

**(c)** If, in the opinion of counsel to the Issuer or to GCC, its successors or assigns, applicable law ever requires filings additional to the filing pursuant to subsection (b) of this section in order to preserve and protect the priority of the grants, assignments, lien, pledge and security interest of GCC, its successors or assigns created herein as to all Payments, then the Issuer shall diligently and regularly make such filings to the extent required by law to accomplish such result.

**11. Default and Remedies.**

**(a)** Each of the following occurrences or events for the purpose of this Finance Contract is hereby declared to be an Event of Default:

**(1)** the failure to make payment of the Payment when the same becomes due and payable; or

**(2)** default in the performance or observance of any other covenant agreement or obligation of the Issuer, which default materially, adversely affects the rights of GCC or its successors or assigns, including, but not limited to, its prospect or ability to be repaid in accordance with this Finance Contract, and the continuation thereof for a period of 20 days after notice of such default is given by GCC or any successors or assigns of GCC to the Issuer.

**(b)** Remedies for Default.

**(1)** Upon the happening of any Event of Default, then and in every case GCC or its successors or assigns, or an authorized representative thereof, including, but not limited to, an attorney or trustee therefore, may proceed against the Issuer for the purpose of protecting and enforcing the rights of GCC or its successors or assigns under this Finance Contract, 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 GCC or its successors or assigns or any combination of such remedies; provided that none of such parties shall have any right to declare the balance of the Finance Contract Payments to be immediately due and payable as a remedy because of the occurrence of an Event of Default.

**(2)** The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy, and no delay or omission to exercise any right or power occurring upon any Event of Default shall impair any such right or power or be construed to be a waiver thereof and all such rights and powers may be exercised as often as may be deemed expedient.

**(c)** Remedies Not Exclusive.

**(1)** 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 this Finance Contract or now or hereafter existing at law or in equity; provided, however, that notwithstanding any other provision of this Finance Contract, the right to accelerate the debt evidenced by this Finance Contract shall not be available as a remedy because of the occurrence of an Event of Default.

**12. Assignment.** Without GCC's prior written consent, the Issuer will not either **(a)** assign, transfer, pledge, hypothecate, grant any security interest in or otherwise dispose of this Finance Contract or the Property or any interest in this Finance Contract or the Property; or **(b)** sublet or lend the Property or permit it to be used by anyone other than the Issuer or the Issuer's employees and other authorized users. GCC may assign its rights, title and interest in and to this Finance Contract, and any other documents executed with respect to this Finance Contract and/or grant or assign a security interest in this Finance Contract, in whole or in part. Such successors and assigns of GCC shall have the right to further grant or assign a security interest in this Finance Contract, as well as the rights to Payments hereunder, in whole or in part, to any third party. No assignment or reassignment of GCC's rights, title or interest in this Finance Contract shall be effective with regard to the Issuer unless and until the Issuer shall have received a copy of the document by which the assignment or reassignment is made, disclosing the name and address of such assignee. The Issuer shall maintain written records of any assignments of the Finance Contract.

**13. Personal Property.** The Property is and shall at all times be and remain personal property, and will not be considered a fixture to any real property.

**14. GCC's Right to Perform for The Issuer.** If the Issuer fails to make any payment or perform or comply with any of its covenants or obligations hereunder, GCC or GCC's successors or assigns may, but shall not be required to, make such payment or perform or comply with such covenants and obligations on behalf of the Issuer, and the amount of any such payment and the expenses (including but not limited to reasonable attorneys' fees) incurred by GCC or GCC's successors or assigns in performing or complying with such covenants and obligations, as the case may be, together with interest thereon at the highest lawful rate under the State of Texas law, shall be payable by the Issuer upon demand.

**15. Interest on Default.** If the Issuer fails to pay any Payment specified herein within twenty (20) days after the due date thereof, the Issuer shall pay to GCC or any successor or assigns of GCC, interest on such delinquent payment at the highest rate allowed by Texas law.

**16. Notices.** Any notices to be given or to be served upon any party hereto in connection with this Finance Contract must be in writing and may be given by certified or registered mail, and shall be deemed to have been given and received forty-eight (48) hours after mailing. Such notice shall be given to the parties at their respective addresses designated on the signature page of this Finance Contract or at such other address as either party may hereafter designate.

**17. Prepayment.**

**(a)** The Issuer shall have the right, at its option, to prepay the Finance Act Contract in whole, on any payment date, in accordance with the Early Redemption Value stated on Exhibit B of the Contract. Any additional principal payments will be applied to reduce the early redemption values as shown in Exhibit B to this Finance Contract.

**(b)** As condition precedent to the Issuer's right to make, and GCC or any successor or assigns of GCC's obligation to accept, any such prepayment, GCC or any successor or assigns of GCC shall have actually received notice at least thirty (30) days in advance of the Issuer's intent to exercise its option to prepay.

**18. Continuing Disclosure.** Specifically and without limitation, the Issuer agrees to provide audited financial statements, prepared by a certified public accountant not later than six (6) months after and as of the end of each fiscal year. Periodic financial statements shall include a combined balance sheet as of the end of each such period, and a combined statement of revenues, expenditures and changes in fund balances, from the beginning of the then fiscal year to the end of such period. These reports must be certified as correct by one of the Issuer's authorized agents. If the Issuer has subsidiaries, the financial statements required will be provided on a consolidated and consolidation basis.

**19. Tax Exemption.**

**(a)** The Issuer certifies that it does not reasonably anticipate more than \$10,000,000 of "tax-exempt obligations", including this Finance Contract will be issued by it and any subordinate entities during the 2013 calendar year. Further, the Issuer designates this Finance Contract as "qualified tax exempt obligations" under Section 265 (b) 3 of the Internal Revenue Code of 1986, as amended (the "Code") eligible for the exception contained in Section 265 (b) 3 (D) of the Code allowing for an exception to the general rule of the Code which provides for a total disallowance of a deduction for interest expense allocable to the carrying of tax exempt obligations.

**(b)** The Issuer hereby represents and covenants that the proceeds of this Finance Contract are needed at this time to provide funds for the Issuer's purchase of the property for which this Finance Contract was executed and delivered, as specified in this Finance Contract; that (i) final disbursement of the proceeds of this Finance Contract will occur within three years from the Delivery Date, (ii) substantial binding obligations to expend at least five (5) percent of the net proceeds will be incurred within six months after the Delivery Date and (iii) the acquisition of such property will proceed with due diligence to completion; and that, except for the Escrow Agreement, if applicable, and the Payment Fund, no other funds or accounts have been or will be established or pledged to the payment of this Finance Contract.

**(c)** The Issuer will not directly or indirectly take any action or omit to take any action, which action or omission would cause the Finance Contract to constitute a "private activity bond" within the meaning of Section 141(a) of the Code.

**(d)** The Issuer will not take any action or fail to take any action with respect to the investment of the proceeds of this Finance Contract or any other funds of the Issuer, including amounts received from the investment of any of the foregoing, that would cause this Finance Contract to be an "arbitrage bond" within the meaning of such section 148 of the Code.

**(e)** There are no other obligations of the Issuer which are sold at substantially the same time as the Finance Contract, sold pursuant to the same plan of financing with the Finance Contract and are reasonably expected to be paid from substantially the same source of funds as the Finance Contract.

**(f)** The Issuer will not take any action, or as the case may be, knowingly omit to take any action within its control that, if taken or omitted, as the case may be, would cause the Finance Contract to be treated as "federally guaranteed" obligations for purposes of Section 149(b) of the Code.

**(g)** The Issuer will take all necessary steps to comply with the requirement that certain amounts earned by the Issuer on the investment of the "gross proceeds" of the Finance Contract (within the meaning of Section 148(f)(6)(B) of the Code), if any, be rebated to the federal government. Specifically, the Issuer will (i) maintain records regarding the investment of the gross proceeds of the Finance Contract as may be required to calculate and substantiate the amount earned on the investment of the gross proceeds of the Finance Contract and retain such records for at least six years after the day on which the last outstanding Finance Contract is discharged, (ii) account for all gross proceeds under a reasonable, consistently applied method of accounting, including any specified method of accounting required by applicable regulations to be used for all or a portion of the gross proceeds, (iii) calculate, at such times as are required by applicable regulations, the amount earned from the investment of the gross proceeds of the Finance Contract and (iv) timely pay all amounts required to be rebated to the federal government. In addition, the Issuer will correct any errors within a reasonable amount of time thereafter, including payment to the federal government of any delinquent amounts owed to it, including interest thereon and penalty, if any, as may be necessary or appropriate to assure that interest on the Finance Contract is not includable in the gross income for federal income tax purposes.

**(h)** The Issuer will timely file with the Secretary of the Treasury of the United States the information required by Section 149(e) of the Code with respect to the Finance Contract on such form and in such place as the Secretary may prescribe. Notwithstanding any other provision of this Finance Contract, the Issuer's obligation under the covenants and provisions of this Section 19 shall survive the defeasance and discharge of this Finance Contract.

**20. Miscellaneous.**

(a) Time is of the essence. No covenant or obligations hereunder to be performed by the Issuer are waived, except by the written consent of GCC or its successors or assigns. GCC's or its successors or assigns' rights hereunder are cumulative and not alternative.

(b) This Finance Contract shall be construed in accordance with, and governed by the state of Texas laws.

(c) This Finance Contract constitutes the entire agreement between the parties and shall not be modified, waived, discharged, terminated, amended, altered or changed in any respect except by a written document signed by both GCC and the Issuer.

(d) Any term or provision of this Finance Contract found to be prohibited by law or unenforceable shall not affect the legality the remainder of this Finance Contract.

(e) Use of the neuter gender herein is for purposes of convenience only and shall be deemed to mean and include the masculine or feminine gender whenever appropriate.

(f) The captions set forth herein are for convenience of reference only, and shall not define or limit any of the terms or provisions hereof.

(g) Issuer agrees to equitably adjust the payments payable under this Finance Contract if there is a determination by the IRS that the interest payable pursuant to this Finance Contract (as incorporated within the schedule of payments) is not excludable from income in accordance with the Internal Revenue Code of 1986, as amended, such as to make GCC and its assigns whole.

(h) Except as otherwise provided, this Finance Contract shall be binding upon and inure to the benefit of the Parties hereto and their respective heirs, executors, administrators, legal representatives, successors and assigns, where permitted by this Finance Contract.

IN WITNESS WHEREOF, the parties have executed this Finance Contract as of the 16<sup>th</sup> day of July in the year 2013.

Government Capital Corporation

\_\_\_\_\_  
Authorized Signature  
345 Miron Dr.  
Southlake, TX 76092

Witness Signature \_\_\_\_\_  
Print Name \_\_\_\_\_  
Print Title \_\_\_\_\_

**The Issuer:** City of Riesel

Alisha Flanary  
Alisha Flanary, City Secretary  
104 N Hwy 6  
Riesel, TX 76682

Witness Signature Kynara Padilla  
Print Name Kynara Padilla  
Print Title CLERK

**CERTIFICATE OF ACCEPTANCE**

Public Property Finance Act Contract **No.6330** (THE "FINANCE CONTRACT")

By And Between

Government Capital Corporation and **the Issuer**, City of Riesel

Dated as of July 16, 2013

1. **ACCEPTANCE:** In accordance with the Finance Contract, the Issuer hereby certifies that all of the Property described herein (i) has been received by the Issuer, (ii) has been thoroughly examined and inspected to the complete satisfaction of the Issuer, (iii) had been found by the Issuer to be in good operating order, repair and condition, (iv) has been found to be of the size, design, quality, type and manufacture specified by the Issuer, (v) has been found to be and is wholly suitable for the Issuer's purposes, and (vi) is hereby unconditionally accepted by the Issuer, in the condition received, for all purposes of this Finance Contract, (vii) the Issuer hereby authorizes GCC to Pay supplying vendor(s) all available sums due and payable in conjunction with the property described in Exhibit A.

By The Issuer:

Alisha Flanary  
Alisha Flanary, City Secretary

For The Issuer: City of Riesel

ACCEPTED on this the 16<sup>th</sup> day of July, 2013.

**(\* SIGNATURE REQUIRED ONLY WHEN AN "ESCROW AGREEMENT" IS NOT USED**

2. **PROPERTY:**

Meter System, see Exhibit A herein.

3. **USE:** The primary use of the Property is as follows: **(PLEASE FILL OUT PRIMARY USE BELOW)**

**x** Metering water used

4. **INVOICING:** Invoices shall be sent to the following address, including to whose attention invoices should be directed

City of Riesel  
Attn.: Alisha Flanary, City Secretary  
P. O. Box 249  
Riesel, TX 76682

**RESOLUTION #** 2013-0716

A RESOLUTION REGARDING A CONTRACT FOR THE PURPOSE OF FINANCING  
A "**METER SYSTEM**".

WHEREAS, contingent upon the approval of the Attorney of the City of Riesel (the "Issuer"), the Issuer desires to enter into that certain Finance Contract No.6330, by and between the Issuer and Government Capital Corporation ("GCC") for the purpose of financing a "Meter System". The Issuer desires to designate this Finance Contract as a "qualified tax exempt obligation" of the Issuer for the purposes of Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended.

NOW THEREFORE, BE IT RESOLVED BY THE CITY OF RIESEL:

Section 1. That the Issuer will enter into a Finance Contract with GCC for the purpose of financing a "Meter System".

Section 2. That the Finance Contract dated as of July 16, 2013, by and between the City of Riesel and GCC is designated by the Issuer as a "qualified tax exempt obligation" for the purposes of Section 265 (b) (3) of the Internal Revenue Code of 1986, as amended.

Section 3. That the Issuer will designate Alisha Flanary, City Secretary, as an authorized signer of the Finance Contract dated as of July 16, 2013, by and between the City of Riesel and GCC.

PASSED AND APPROVED by the Board of the City of Riesel in a meeting held on the 16<sup>th</sup> day of July, 2013.

**Issuer:** City of Riesel

Witness Signature

  
\_\_\_\_\_  
Roger Fitzpatrick, Mayor

  
\_\_\_\_\_  
Alisha Flanary, City Secretary



**EXHIBIT A**

Public Property Finance Act Contract **No.6330** (THE "FINANCE CONTRACT")

By And Between

Government Capital Corporation and **the Issuer**, City of Riesel

Dated as of July 16, 2013

<b>QTY</b>	<b>DESCRIPTION</b>
Personal Property	Property Cost: \$120,749.40      Payback Period: Ten (10) Semi-Annual Payments
	<b>Meter System</b>
440	Neptune T-10 5/8"x3/4" R900i Water Meters
One (1)	Neptune 3" Tru/Flo Compound R900i Water Meter
One (1)	Neptune 3" Strainer
One (1)	Neptune 4" Tru/Flo Compound R900i Water Meter
One (1)	Neptune 4" Strainer
One (1)	MRX920 Mobile Data Collector
One (1)	Neptune ARB N Sight AMI Software

PROPERTY LOCATION:  
City of Riesel – citywide  
Texas

**Information Return for Tax-Exempt Governmental Obligations**

► Under Internal Revenue Code section 149(e)  
 ► See separate instructions.  
**Caution: If the issue price is under \$100,000, use Form 8038-GC.**

OMB No. 1545-0720

<b>Part I Reporting Authority</b>		If Amended Return, check here ► <input type="checkbox"/>
1 Issuer's name City of Riesel		2 Issuer's employer identification number (EIN) 74-1812099
3a Name of person (other than issuer) with whom the IRS may communicate about this return (see instructions)		3b Telephone number of other person shown on 3a 254-896-6501
4 Number and street (or P.O. box if mail is not delivered to street address) P. O. Box 249	Room/suite	5 Report number (For IRS Use Only) 3
6 City, town, or post office, state, and ZIP code Riesel, TX 76682		7 Date of issue
8 Name of issue Contract No.6330		9 CUSIP number None
10a Name and title of officer or other employee of the issuer whom the IRS may call for more information (see instructions) Alisha Flanary, City Secretary		10b Telephone number of officer or other employee shown on 10a 254-896-6501

**Part II Type of Issue (enter the issue price).** See the instructions and attach schedule.

11 Education . . . . .	11		
12 Health and hospital . . . . .	12		
13 Transportation . . . . .	13		
14 Public safety . . . . .	14		
15 Environment (including sewage bonds) . . . . .	15		
16 Housing . . . . .	16		
17 Utilities . . . . .	17		
18 Other. Describe ► Meter System	18	\$120,749	40
19 If obligations are TANs or RANs, check only box 19a . . . . .			<input type="checkbox"/>
If obligations are BANs, check only box 19b . . . . .			<input type="checkbox"/>
20 If obligations are in the form of a lease or installment sale, check box . . . . .			<input checked="" type="checkbox"/>

**Part III Description of Obligations.** Complete for the entire issue for which this form is being filed.

	(a) Final maturity date	(b) Issue price	(c) Stated redemption price at maturity	(d) Weighted average maturity	(e) Yield
21	06-15-2018	\$ 120,749.40	\$ 120,749.40	5 years	3.32 %

**Part IV Uses of Proceeds of Bond Issue (including underwriters' discount)**

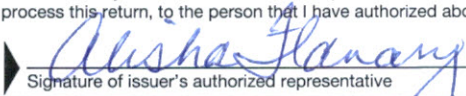
22 Proceeds used for accrued interest . . . . .	22	N/A
23 Issue price of entire issue (enter amount from line 21, column (b)) . . . . .	23	N/A
24 Proceeds used for bond issuance costs (including underwriters' discount) . . . . .	24	N/A
25 Proceeds used for credit enhancement . . . . .	25	N/A
26 Proceeds allocated to reasonably required reserve or replacement fund . . . . .	26	N/A
27 Proceeds used to currently refund prior issues . . . . .	27	N/A
28 Proceeds used to advance refund prior issues . . . . .	28	N/A
29 Total (add lines 24 through 28) . . . . .	29	N/A
30 Nonrefunding proceeds of the issue (subtract line 29 from line 23 and enter amount here) . . . . .	30	N/A

**Part V Description of Refunded Bonds.** Complete this part only for refunding bonds.

31 Enter the remaining weighted average maturity of the bonds to be currently refunded . . . . .	►	N/A	years
32 Enter the remaining weighted average maturity of the bonds to be advance refunded . . . . .	►	N/A	years
33 Enter the last date on which the refunded bonds will be called (MM/DD/YYYY) . . . . .	►	N/A	
34 Enter the date(s) the refunded bonds were issued ► (MM/DD/YYYY)			

**Part VI Miscellaneous**

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

<b>Signature and Consent</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that I consent to the IRS's disclosure of the issuer's return information, as necessary to process this return, to the person that I have authorized above.			
	 Signature of issuer's authorized representative	7-16-13 Date	Alisha Flanary, City Secretary Type or print name and title	
<b>Paid Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed
	Firm's name ▶	Firm's EIN ▶		PTIN
	Firm's address ▶	Phone no.		

## EXHIBIT B

### >> SCHEDULE OF PAYMENTS & EARLY REDEMPTION VALUE <<

Public Property Finance Act Contract **No.6330** ("THE FINANCE CONTRACT")

BY AND BETWEEN

Government Capital Corporation and **the Issuer**, City of Riesel

Schedule dated as of July 16, 2013

PMT NO.	PMT DATE MO. DAY YR	TOTAL PAYMENT	INTEREST PAID	PRINCIPAL PAID	EARLY REDEMPTION VALUE after pmt on this line
1	12/15/2013	\$13,171.05	\$1,692.64	\$11,478.41	N/A
2	6/15/2014	\$13,171.05	\$1,813.90	\$11,357.15	N/A
3	12/15/2014	\$13,171.05	\$1,625.37	\$11,545.68	N/A
4	6/15/2015	\$13,171.05	\$1,433.71	\$11,737.34	N/A
5	12/15/2015	\$13,171.05	\$1,238.87	\$11,932.18	\$64,113.83
6	6/15/2016	\$13,171.05	\$1,040.80	\$12,130.25	\$51,519.80
7	12/15/2016	\$13,171.05	\$839.44	\$12,331.61	\$38,812.43
8	6/15/2017	\$13,171.05	\$634.73	\$12,536.32	\$25,990.69
9	12/15/2017	\$13,171.05	\$426.63	\$12,744.42	\$13,053.56
10	6/15/2018	\$13,171.05	\$215.01	\$12,956.04	\$0.00
Grand Totals		\$131,710.50	\$10,961.10	\$120,749.40	

Accepted by the Issuer:

  
Alisha Flanary, City Secretary

**INCUMBENCY CERTIFICATE**


Public Property Finance Act Contract **No.6330** (THE "FINANCE CONTRACT")

By And Between

Government Capital Corporation and **the Issuer**, City of Riesel

Dated as of July 16, 2013

I, Roger Fitzpatrick, do hereby certify that I am the duly elected or appointed and acting Mayor, of the City of Riesel, Issuer, a political subdivision or agency of the State of Texas, duly organized and existing under the laws of the State of Texas, that I have custody of the records of such entity, and that, as of the date hereof, the individual(s) named below are the duly elected or appointed officer(s) of such entity holding the office(s) set forth opposite their respective name(s). I further certify that (i) the signature(s) set opposite their respective name(s) and title(s) are their true and authentic signature(s), and (ii) such officers have the authority on behalf of such entity to enter into that certain Public Property Finance Act Contract No.6330, between City of Riesel (the "Issuer") and Government Capital Corporation ("GCC").

<u>Name</u>	<u>Title</u>	<u>Signature</u>
Alisha Flanary	City Secretary	

IN WITNESS WHEREOF, I have duly executed this certificate hereto this 16<sup>th</sup> day of July, 2013.

By:  \_\_\_\_\_  
Roger Fitzpatrick, Mayor



W.C. Haley  
(1912-1996)  
Lyndon L. Olson, Sr.  
(1925-2005)

Herbert S. Bristow  
Blake Rasner  
Leslie A. Palmer, Jr.  
Charles D. Olson  
Daniel A. Palmer  
Shad Robinson  
Craig D. Cherry  
Joshua J. White  
Michael W. Dixon  
Brandon R. Oates  
Michael H. Bernick  
Kristin Cameron McDonald

Of Counsel:  
David E. Cherry  
Richard J. Vander Woude

Government Capital Corporation  
345 Miron Dr  
Southlake, TX 76092

RE: Public Property Finance Act Contract No.6330

I have examined the Public Property Finance Act Contract No.6330 (the "Finance Contract") between the City of Riesel (the "Issuer") and Government Capital Corporation ("GCC"). The Finance Contract provides financing for the purchase by the City of Riesel of certain Property as identified in the Finance Contract and provides that the Issuer shall finance the Property by making Payments as specified in the Public Property Finance Act Contract No.6330.

I have also examined other certificates and documents as I have deemed necessary and appropriate under the circumstances.

Based upon the foregoing examination, I am of the opinion that:

1. The Issuer is a political subdivision or agency of the State of Texas with the requisite power and authority to incur obligations, the interest on which is exempt from taxation by virtue of Section 103(a) of the Internal Revenue Code of 1986, as amended;
2. The execution, delivery and performance by the Issuer of the Finance Contract have been duly authorized by all necessary action on the part of the Issuer; and
3. The Finance Contract constitutes a legal, valid and binding obligation of the Issuer enforceable in accordance with its terms.

The opinion expressed above is solely for the benefit of the Issuer, GCC and/or its subsequent successors or assigns.

Sincerely,

A handwritten signature in cursive script, appearing to read "Michael W. Dixon".

Michael W. Dixon  
Attorney at Law