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**ORDINANCE NO. \_\_\_\_\_**

**ORDINANCE  
AUTHORIZING THE ISSUANCE OF**

**§ \_\_\_\_\_  
CITY OF KILLEEN, TEXAS  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS  
SERIES 2014**

**Adopted on June 24, 2014**

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**ORDINANCE NO. \_\_\_\_\_**

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KILLEEN, TEXAS, AUTHORIZING THE ISSUANCE AND SALE OF CITY OF KILLEEN, TEXAS, GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BONDS, SERIES 2014; PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID BONDS; PRESCRIBING THE FORM OF SAID BONDS; APPROVING THE OFFICIAL STATEMENT, BOND PURCHASE AGREEMENT, PAYING AGENT/REGISTRAR AGREEMENT AND ESCROW AGREEMENT; AND ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT**

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**WHEREAS**, general obligation bonds of the City of Killeen, Texas (the "City") were duly and favorably voted, pursuant to the laws of the State of Texas, at an election held in the City on the date hereinafter set forth; and the following are among the purposes and principal amounts of the bonds which were authorized, together with the total principal amount previously issued pursuant to each voted authorization, the principal amount therefrom being issued pursuant to this Ordinance, and the principal balance to remain unissued after the issuance of the bonds hereinafter authorized, to-wit:

<b>Election Date</b>	<b>Proposition No.</b>	<b>Purpose</b>	<b>Principal Amount Authorized</b>	<b>Principal Amount Previously Issued</b>	<b>Principal Amount This Issue</b>	<b>Principal Amount Remaining Unissued</b>
11/05/02	2	Public Safety Buildings and Facilities	\$23,255,000	\$21,665,000	\$1,590,000	\$0
11/05/02	3	Parks and Recreation	\$18,040,000	\$13,440,000	\$4,600,000	\$0

**WHEREAS**, the City Council (the "City Council") of the City considers it to be in the best interest of the City at this time to proceed with the issuance and sale of such general obligation bonds, as authorized by the laws of the State of Texas, including, particularly, Tex. Gov't Code Ann. §1331.052; and

**WHEREAS**, the City has duly issued and there is now outstanding the following ad valorem tax obligations, including the following:

City of Killeen, Texas Combination Tax and Revenue Certificates of Obligation, Series 2005 (the "Series 2005 Certificates");

City of Killeen, Texas Combination Tax and Revenue Certificates of Obligation, Series 2006 (the "Series 2006 Certificates");

City of Killeen, Texas General Obligation Bonds, Series 2006 (the "Series 2006 Bonds");

City of Killeen, Texas Combination Tax and Revenue Certificates of Obligation, Series 2007 (the "Series 2007 Certificates");

City of Killeen, Texas General Obligation Bonds, Series 2007 (the "Series 2007 Bonds"); and

WHEREAS, the City now desires to issue refunding bonds to refund a portion of the outstanding Series 2005 Certificates, the Series 2006 Certificates, the Series 2006 Bonds, the Series 2007 Certificates and the Series 2007 Bonds that are subject to redemption (collectively, the "Refunded Obligations"); and

WHEREAS, the City Council of the City deems it advisable and in the best interest of the City to refund the Refunded Obligations in order to achieve a gross savings of \$\_\_\_\_\_ and a net present value savings of \$\_\_\_\_\_ (\_\_\_\_\_% of the Refunded Obligations); and

WHEREAS, Chapter 1207, Texas Government Code, as amended ("Chapter 1207") authorizes the City to issue refunding bonds and to deposit the proceeds from the sale thereof together with any other available funds or resources, directly with a place of payment (paying agent) for the Refunded Obligations or a trust company or commercial bank that does not act as depository for the City, and such deposit, if made before such payment dates, shall constitute the making of firm banking and financial arrangements for the discharge and final payment of the Refunded Obligations; and

WHEREAS, Chapter 1207 further authorizes the City to enter into an agreement with a paying agent for the Refunded Obligations or a trust company or commercial bank that does not act as a depository for the City with respect to the safekeeping, investment, reinvestment, administration and disposition of any such deposit, upon such terms and conditions as the City and such paying agent may agree, provided that such deposits may be invested and reinvested in Defeasance Securities, as defined herein; and

WHEREAS, the Escrow Agreement hereinafter authorized, constitutes an agreement of the kind authorized and permitted by said Chapter 1207; and

WHEREAS, all the Refunded Obligations mature or are subject to redemption prior to maturity within 20 years of the date of the bonds hereinafter authorized; and

WHEREAS, the City deems it appropriate to call for redemption the Refunded Obligations.

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

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF KILLEEN:

ARTICLE I

DEFINITIONS AND OTHER PRELIMINARY MATTERS

Section 1.01. Definitions.

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

"Bond" means any of the Bonds.

"Bonds" means the City's bonds entitled "City of Killeen, Texas, General Obligation Refunding and Improvement Bonds, Series 2014" authorized to be issued by Section 3.01.

"Closing Date" means the date of the initial delivery of and payment for the Bonds, which is anticipated to be on or about July 16, 2014.

"Code" means the Internal Revenue Code of 1986, as amended, including applicable regulations, published rulings and court decisions relating thereto.

"Dated Date" means the date designated as the date of the Bonds in Section 3.02(a) of this Ordinance.

"Defeasance Securities" means (i) Federal Securities, (ii) noncallable obligations of an agency or instrumentality of the United States of America, including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that, on the date the City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the 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 City Council adopts or approves proceedings authorizing the issuance of refunding bonds or otherwise provide for the funding of an escrow to effect the defeasance of the Bonds, are rated as to investment quality by a nationally recognized investment rating firm no less than "AAA" or its equivalent and (iv) any other then authorized securities or obligations under applicable State law that may be used to defease obligations such as the Bonds.

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

"DTC" means The Depository Trust Company of New York, New York, or any successor securities depository.

"DTC Participant" means any broker, dealer, bank, trust company, clearing corporation or certain other organizations with Bonds credited to an account maintained on its behalf by DTC.

"Escrow Agent" means The Bank of New York Mellon Trust Company, N.A.

"Escrow Agreement" means the escrow agreement, dated as of June 15, 2014, by and between the City and the Escrow Agent.

"Escrow Fund" means the fund referred to in Article VIII and in Section 14.02 of this Ordinance and established by the Escrow Agreement to hold cash and securities for the payment of principal of and interest on the Refunded Bonds.

"Event of Default" means any Event of Default as defined in Section 10.01.

"Federal Securities" as used herein means direct, noncallable obligations of the United States of America, including obligations that are unconditionally guaranteed by the United States of America (including Interest Strips of the Resolution Funding Corporation).

"Initial Bond" means the Bond described in Section 3.04(d) and 6.02(d).

"Interest and Sinking Fund" means the interest and sinking fund established by Section 8.01(a).

"Interest Payment Date" means the date or dates upon which interest on the Bonds is scheduled to be paid until the maturity or prior redemption of the Bonds, such dates being February 1 and August 1 of each year commencing August 1, 2010.

"MSRB" means the Municipal Securities Rulemaking Board.

"Ordinance" means this Ordinance.

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

"Paying Agent/Registrar" means The Bank of New York Mellon Trust Company, N.A., any successor thereto or an entity which is appointed as and assumes the duties of paying agent/registrar as provided in this Ordinance.

"Purchasers" means the persons, firms or entities initially purchasing the Bonds from the City and which are designated in Section 7.01.

"Record Date" means the 15th day of the month next preceding an Interest Payment Date.

"Refunded Obligations" means the obligations being refunded by the Bonds as provided in the preambles to this Ordinance.

"Register" means the Register specified in Section 3.06(a).

"Representation Letter" means the Blanket Issuer Letter of Representations with respect to the Bonds and other obligations of the City, between the City and DTC.

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

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

"Special Payment Date" means the new date established for payment of interest on the Bonds in the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, as described in Section 3.03(b).

"Special Record Date" means the new record date established for payment of interest on the Bonds in the event of a nonpayment of interest on a scheduled payment date, and for 30 days thereafter, as described in Section 3.03(b).

"Term Bonds" means the Bonds, if any, subject to mandatory sinking fund redemption as described in Section 4.02(b).

"Unclaimed Payments" means money deposited with the Paying Agent/Registrar for the payment of principal, redemption premium, if any, or interest on the Bonds as the same become due and payable or money set aside for the payment of Bonds duly called for redemption prior to maturity, and remaining unclaimed for 90 days after the applicable payment or redemption date.

#### Section 1.02. Other Definitions.

The terms "City Council" and "City" shall have the meaning assigned in the preamble to this Ordinance.

#### Section 1.03. Findings.

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

#### Section 1.04. Table of Contents, Titles and Headings.

The table of contents, titles and headings of the Articles and Sections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof and shall never be considered or given any effect in construing this Ordinance or any provision hereof or in ascertaining intent, if any question of intent should arise.

Section 1.05. Interpretation.

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

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

(c) Unless expressly provided otherwise, all references to article and section numbers herein shall be to the article and section numbers of this Ordinance.

ARTICLE II

SECURITY FOR THE BONDS

Section 2.01. Tax Levy for Payment of the Bonds.

(a) The City Council hereby declares and covenants that it will provide and levy a tax legally and fully sufficient for payment of the Bonds, it having been determined that the existing and available taxing authority of the City for such purpose is adequate to permit a legally sufficient tax in consideration of all other outstanding obligations of the City.

(b) In order to provide for the payment of the debt service requirements on the Bonds, being (i) the interest on the Bonds and (ii) a sinking fund for their payment at maturity or a sinking fund of two percent (whichever amount is the greater), there is hereby levied for the current year and each succeeding year thereafter, while the Bonds or interest thereon remain outstanding and unpaid, a tax within legal limitations on each \$100 valuation of taxable property in the City that is sufficient to pay such debt service requirements, full allowance being made for delinquencies and costs of collection.

(c) The tax levied by this Section shall be assessed and collected each year and applied to the payment of the debt service requirements on the Bonds, and the tax shall not be diverted to any other purpose.

Section 2.02. Perfection of Security Interest.

Chapter 1208, Texas Government Code applies to the issuance of the Bonds and the pledge of the ad valorem taxes granted by the City under Sections 2.01 and 2.02 of this Ordinance, and such pledge, therefore, is valid, effective, and perfected. If Texas law is amended at any time while the Bonds are outstanding and unpaid such that the pledge of the ad valorem taxes granted by the City under Section 2.01 of this Ordinance is to be subject to the filing requirements of Chapter 9, Texas

Business and Commerce Code, then in order to preserve to the registered owners of the Bonds the perfection of the security interest in said pledge, the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9, Business and Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

### ARTICLE III

#### AUTHORIZATION; GENERAL TERMS AND PROVISIONS REGARDING THE BONDS

##### Section 3.01. Authorization.

The City's bonds, to be designated "City of Killeen, Texas, General Obligation Refunding and Improvement Bonds, Series 2014," are hereby authorized to be issued and delivered in accordance with the Constitution and laws of the State of Texas, including particularly Chapters 1207 and 1331, Texas Government Code, as amended, in the aggregate principal amount of \$\_\_\_\_\_ for the purpose of (i) constructing, improving, renovating and equipping public safety buildings and facilities, including Fire Station No. 9, (ii) constructing, improving, renovating and equipping parks and recreation buildings and facilities, (iii) refunding the Refunded Obligations, and (iv) for the purpose of paying the costs of issuing the Bonds.

##### Section 3.02. Date, Denomination, Maturities, Numbers and Interest.

(a) The Bonds shall have the Original Issue Date of June 15, 2014, shall be in fully registered form, without coupons, in the denomination of \$5,000 or any integral multiple thereof, and shall be numbered separately from one upward, excepting the initial Bond, which shall be numbered R-1, as hereinafter provided, or such other designation acceptable to the City and the Paying Agent/Registrar.

(b) The Bonds shall mature on August 1 in the years and in the principal amounts and interest rates set forth below, interest on each Bond accruing on the basis of a 360-day year of twelve 30-day months from the Original Issue Date or the most recent Interest Payment Date to which interest has been paid or provided for at the per annum rates of interest, payable semiannually on February 1 and August 1 of each year until the principal amount shall have been paid or provision for such payment shall have been made, commencing February 1, 2015, as follows:

<b>Year</b>	<b>Principal Amount</b>	<b>Interest Rate</b>	<b>Year</b>	<b>Principal Amount</b>	<b>Interest Rate</b>
2015			2025		
2016			2026		
2017			2027		
2018			2028		
2019			2029		
2020			2030		
2021			2031		
2022			2032		
2023			2033		
2024			2034		

Section 3.03. Medium, Method and Place of Payment.

(a) The principal of, premium, if any, and interest on the Bonds shall be paid in lawful money of the United States of America as provided in this Section.

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

(c) Interest on the Bonds shall be paid by check (dated as of the Interest Payment Date) and sent by the Paying Agent/Registrar to the person entitled to such payment by United States mail, first class postage prepaid, to the address of such person as it appears in the Register or by such other customary banking arrangements acceptable to the Paying Agent/Registrar and the person to whom interest is to be paid; provided, however, that such person shall bear all risk and expenses of such other customary banking arrangements.

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

(e) If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office 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 a Saturday, Sunday, legal holiday, or day on which such banking institutions are required or authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

(f) Subject to Title 6, Texas Property Code, as amended, Unclaimed Payments remaining unclaimed for three years after the applicable payment or redemption date shall be paid by the Paying Agent/Registrar to the City, to be used for any lawful purpose. Thereafter, neither the City, the Paying Agent/Registrar, nor any other person shall be liable or responsible to any Owners of such Bonds for any further payment of such unclaimed moneys or on account of any such Bonds, subject to any applicable escheat, abandoned property, or similar law.

#### Section 3.04. Execution and Initial Registration.

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

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

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

(d) On the Closing Date, one Initial Bond representing the entire principal amount of the Bonds, payable in stated installments to the Purchasers or their designee, executed by manual or facsimile signature of the Mayor and City Secretary of the City, approved by the Attorney General of Texas, and registered and manually signed by the Comptroller of Public Accounts of the State of Texas, will be delivered to the Purchasers or their designee. Upon payment for the Initial Bond, the

Paying Agent/Registrar shall cancel the Initial Bond and deliver to DTC on behalf of the Purchasers one registered definitive Bond for each year of maturity of the Bonds in the aggregate principal amount of all Bonds for such maturity, registered in the name of Cede & Co., as nominee for DTC. To the extent that the Paying Agent/Registrar is eligible to participate in DTC's FAST System, pursuant to an agreement between the Paying Agent/Registrar and DTC, the Paying Agent/Registrar shall hold the definitive Bonds in safekeeping for DTC.

Section 3.05. Ownership.

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

(b) All payments made to the person deemed to be the Owner of any Bond in accordance with this Section shall be valid and effectual and shall discharge the liability of the City and the Paying Agent/Registrar upon such Bond to the extent of the sums paid.

Section 3.06. Registration, Transfer and Exchange.

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

(b) Registration of any Bond may be transferred in the Register only upon the presentation and surrender thereof at the Designated Payment/Transfer Office for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing assignment of the Bonds, or any portion thereof in any integral multiple of \$5,000, to the assignee or assignees thereof, and the right of such assignee or assignees thereof to have the Bond or any portion thereof registered in the name of such assignee or assignees. No transfer of any Bond shall be effective until entered in the Register. Upon assignment and transfer of any Bond or portion thereof, a new Bond or Bonds will be issued by the Paying Agent/Registrar in conversion and exchange for such transferred and assigned Bond. To the extent possible the Paying Agent/Registrar will issue such new Bond or Bonds in not more than three business days after receipt of the Bond to be transferred in proper form and with proper instructions directing such transfer.

(c) Any Bond may be converted and exchanged only upon the presentation and surrender thereof at the Designated Payment/Transfer Office, together with a written request therefor duly executed by the registered owner or assignee or assignees thereof, or its or their duly authorized

attorneys or representatives, with guarantees of signatures satisfactory to the Paying Agent/Registrar, for a Bond or Bonds of the same maturity and interest rate and in any authorized denomination and in an aggregate principal amount equal to the unpaid principal amount of the Bond presented for exchange. If a portion of any Bond is redeemed prior to its scheduled maturity as provided herein, a substitute Bond or Bonds having the same maturity date, bearing interest at the same rate, in the denomination or denominations of any integral multiple of \$5,000 at the request of the registered owner, and in an aggregate principal amount equal to the unredeemed portion thereof, will be issued to the registered owner upon surrender thereof for cancellation. To the extent possible, a new Bond or Bonds shall be delivered by the Paying Agent/Registrar to the Owner of the Bond or Bonds in not more than three business days after receipt of the Bond to be exchanged in proper form and with proper instructions directing such exchange.

(d) Each Bond issued in exchange for any Bond or portion thereof assigned, transferred or converted shall have the same principal maturity date and bear interest at the same rate as the Bond for which it is being exchanged. Each substitute Bond shall bear a letter and/or number to distinguish it from each other Bond. The Paying Agent/Registrar shall convert and exchange the Bonds as provided herein, and each substitute Bond delivered in accordance with this Section shall constitute an original contractual obligation of the City and shall be entitled to the benefits and security of this Ordinance to the same extent as the Bond or Bonds in lieu of which such substitute Bond is delivered.

(e) The City will pay the Paying Agent/Registrar's reasonable and customary charge for the initial registration or any subsequent transfer, exchange or conversion of Bonds, but the Paying Agent/Registrar will require the Owner to pay a sum sufficient to cover any tax or other governmental charge that is authorized to be imposed in connection with the registration, transfer, exchange or conversion of a Bond. In addition, the City hereby covenants with the Owners of the Bonds that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Bonds, when due, and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer, registration, conversion and exchange of Bonds as provided herein.

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

### Section 3.07. Cancellation and Authentication.

(a) All Bonds paid or redeemed before scheduled maturity in accordance with this Ordinance, and all Bonds in lieu of which exchange Bonds or replacement Bonds are authenticated and delivered in accordance with this Ordinance, shall be canceled and destroyed upon the making of proper records regarding such payment, redemption, exchange or replacement. The Paying Agent/Registrar shall periodically furnish the City with certificates of destruction of such Bonds.

(b) Each substitute Bond issued pursuant to the provisions of Sections 3.06 and 3.09 of this Ordinance, in conversion of and exchange for or replacement of any Bond or Bonds issued under this Ordinance, shall have printed thereon a Paying Agent/Registrar's Authentication Certificate, in the form hereinafter set forth. An authorized representative of the Paying Agent/Registrar shall, before the delivery of any such Bond, manually sign and date such Authentication Certificate, and no such Bond shall be deemed to be issued or outstanding unless such Authentication Certificate is so executed. No additional ordinances, orders, or resolutions need be passed or adopted by the City Council or any other body or person so as to accomplish the foregoing conversion and exchange or replacement of any Bond or portion thereof, and the Paying Agent/Registrar shall provide for the printing, execution, and delivery of the substitute Bonds in the manner prescribed herein. Pursuant to Title 9, of the Texas Government Code, as amended, and particularly Chapter 1201, Subchapter D thereof, the duty of conversion and exchange or replacement of Bonds as aforesaid is hereby imposed upon the Paying Agent/Registrar, and, upon the execution of the above Paying Agent/Registrar's Authentication Bond, the converted and exchanged or replaced Bonds shall be valid, incontestable, and enforceable in the same manner and with the same effect as the Initial Bond which was originally delivered pursuant to this Ordinance, approved by the Attorney General, and registered by the Comptroller of Public Accounts.

(c) Bonds issued in conversion and exchange or replacement of any other Bond or portion thereof, (i) shall be issued in fully registered form, without interest coupons, with the principal of and interest on such Bonds to be payable only to the registered owners thereof, (ii) may be transferred and assigned, (iii) may be converted and exchanged for other Bonds, (iv) shall have the characteristics, (v) shall be signed and sealed, and (vi) shall be payable as to principal of and interest, all as provided, and in the manner required or indicated, in the Form of Bonds set forth in this Ordinance.

#### Section 3.08. Replacement Bonds.

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

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

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

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

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

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

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

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

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

### Section 3.09. Book-Entry-Only System.

(a) The definitive Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of each such Bond shall be registered in the name of Cede & Co., as nominee of DTC, and except as provided in Section 3.11 hereof, all of the outstanding Bonds shall be registered in the name of Cede & Co., as nominee of DTC.

(b) With respect to Bonds registered in the name of Cede & Co., as nominee of DTC, the City and the Paying Agent/Registrar shall have no responsibility or obligation to any DTC Participant or to any person on behalf of whom such a DTC Participant holds an interest in the Bonds, except as provided in this Ordinance. Without limiting the immediately preceding sentence, the City and the Paying Agent/Registrar shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Bonds, (ii) the delivery to any DTC Participant or any other person, other than an Owner, as shown on the Register, of any notice with respect to the Bonds, including any notice of redemption, or (iii) the payment to any DTC Participant or any other person, other than an

Owner, as shown in the Register of any amount with respect to principal of, premium, if any, or interest on the Bonds. Notwithstanding any other provision of this Ordinance to the contrary, the City and the Paying Agent/Registrar shall be entitled to treat and consider the person in whose name each Bond is registered in the Register as the absolute Owner of such Bond for the purpose of payment of principal of, premium, if any, and interest on the Bonds, for the purpose of giving notices of redemption and other matters with respect to such Bond, for the purpose of registering transfer with respect to such Bond, and for all other purposes whatsoever. The Paying Agent/Registrar shall pay all principal of, premium, if any, and interest on the Bonds only to or upon the order of the respective Owners, as shown in the Register as provided in this Ordinance, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the City's obligations with respect to payment of, premium, if any, and interest on the Bonds to the extent of the sum or sums so paid. No person other than an Owner, as shown in the register, shall receive a Bond evidencing the obligation of the City to make payments of amounts due pursuant to this Ordinance. Upon delivery by DTC to the Paying Agent/Registrar of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions in this Ordinance with respect to interest checks or drafts being mailed to the registered Owner at the close of business on the Record Date, the word "Cede & Co." in this Ordinance shall refer to such new nominee of DTC.

(c) The execution and delivery of the Representation Letter is hereby ratified and confirmed; and the provisions thereof shall be fully applicable to the Bonds.

Section 3.10. Successor Securities Depository; Transfer Outside Book-Entry-Only System.

In the event that the City or the Paying Agent/Registrar determines that DTC is incapable of discharging its responsibilities described herein and in the Representation Letter, and that it is in the best interest of the beneficial owners of the Bonds that they be able to obtain certificated Bonds, or in the event DTC discontinues the services described herein, the City or the Paying Agent/Registrar shall (i) appoint a successor securities depository, qualified to act as such under Section 17(a) of the Securities and Exchange Act of 1934, as amended, notify DTC and DTC Participants, as identified by DTC, of the appointment of such successor securities depository and transfer one or more separate Bonds to such successor securities depository or (ii) notify DTC and DTC Participants, as identified by DTC, of the availability through DTC of Bonds and transfer one or more separate Bonds to DTC Participants having Bonds credited to their DTC accounts, as identified by DTC. In such event, the Bonds shall no longer be restricted to being registered in the Register in the name of Cede & Co., as nominee of DTC, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names Owners transferring or exchanging Bonds shall designate, in accordance with the provisions of this Ordinance.

Section 3.11. Payments to Cede & Co.

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

## ARTICLE IV

### REDEMPTION OF BONDS BEFORE MATURITY

#### Section 4.01. Redemption of Bonds Prior to Maturity.

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

#### Section 4.02. Optional Redemption.

(a) The City reserves the option to redeem Bonds maturing on and after August 1, 20\_\_\_, in whole or from time to time in part, before their scheduled maturity date, on August 1, 20\_\_\_, or on any date thereafter (such redemption date or dates to be fixed by the City) at a price equal to the principal amount of the Bonds called for redemption plus accrued interest from the most recent interest payment date on which interest has been paid or duly provided for to the redemption date.

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

#### Section 4.03. Partial Redemption.

(a) If less than all of the Bonds are to be redeemed, the City shall determine the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar (or DTC or a successor securities depository, as applicable, if the Bonds are in Book-Entry-Only form) to call by lot Bonds, or portions thereof within such maturity and in such principal amounts, for redemption.

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

(c) Upon surrender of any Bond for redemption in part, the Paying Agent/Registrar, in accordance with Section 3.06 of this Ordinance, shall authenticate and deliver an exchange Bond or Bonds in an aggregate principal amount equal to the unredeemed portion of the Bond so surrendered.

(d) The Paying Agent/Registrar shall promptly notify the City in writing of the principal amount to be redeemed of any Bond as to which only a portion thereof is to be redeemed.

#### Section 4.04. Notice of Redemption to Owners.

(a) The Paying Agent/Registrar shall give notice of any redemption of Bonds by sending notice by United States mail, first class postage prepaid, not less than 30 days before the date fixed for redemption, to the Owner of each Bond (or part thereof) to be redeemed, at the address shown on the Register.

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

(c) Any notice given as provided in this Section shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice.

#### Section 4.05. Payment Upon Redemption.

(a) Before or on each redemption date, the Paying Agent/Registrar shall make provision for the payment of the Bonds to be redeemed on such date by setting aside and holding in trust an amount from the Interest and Sinking Fund or otherwise received by the Paying Agent/Registrar from the City sufficient to pay the principal of, premium, if any, and accrued interest on such Bonds.

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

#### Section 4.06. Effect of Redemption.

(a) Notice of redemption having been given as provided in Section 4.04 of this Ordinance, the Bonds or portions thereof called for redemption shall become due and payable on the date fixed for redemption and, unless the City defaults in the payment of the principal thereof, premium, if any, or accrued interest thereon, such Bonds or portions thereof shall cease to bear interest from and after the date fixed for redemption, whether or not such Bonds are presented and surrendered for payment on such date.

(b) If any Bond or portion thereof called for redemption is not so paid upon presentation and surrender of such Bond for redemption, such Bond or portion thereof shall continue to bear interest at the rate stated on the Bond until paid or until due provision is made for the payment of same.

#### Section 4.07. Conditional Notice of Redemption.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by this Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

## ARTICLE V

### PAYING AGENT/REGISTRAR

#### Section 5.01. Appointment of Initial Paying Agent/Registrar.

(a) The City hereby appoints The Bank of New York Mellon Trust Company, N.A., as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the City and the Paying Agent/Registrar may prescribe; and the Paying Agent/Registrar shall make such transfer and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the Owners and record in the Register the address of such Owner of each Bond to which payments with respect to the Bonds shall be mailed, as provided herein. The City or its designee shall have the right to inspect the Register during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. The Paying Agent/Registrar has agreed to maintain a copy of the Register at its offices, or the office of its agent, located in Dallas, Texas.

(b) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Bonds. The Paying Agent/Registrar shall keep proper records of all payments made by the City and the Paying Agent/Registrar with respect to the Bonds, and of all conversions, exchanges and replacements of such Bonds, as provided in this Ordinance.

(c) The execution and delivery of a Paying Agent/Registrar Agreement, specifying the duties and responsibilities of the City and the Paying Agent/Registrar, is hereby approved with such changes as may be approved by the Mayor of the City, and the Mayor and City Secretary of the City are hereby authorized to execute such agreement.

#### Section 5.02. Qualifications.

Each Paying Agent/Registrar shall be (i) a commercial bank, trust company, or other entity duly qualified and legally authorized under applicable law, (ii) authorized under such laws to exercise trust powers, (iii) subject to supervision or examination by a federal or state governmental authority, and (iv) a single entity.

#### Section 5.03. Maintaining Paying Agent/Registrar.

(a) At all times while any Bonds are outstanding, the City will maintain a Paying Agent/Registrar that is qualified under Section 5.02 of this Ordinance.

(b) If the Paying Agent/Registrar resigns or otherwise ceases to serve as such, the City will promptly appoint a replacement.

Section 5.04. Termination.

The City reserves the right to terminate the appointment of any Paying Agent/Registrar by delivering to the entity whose appointment is to be terminated a certified copy of a resolution of the City (i) giving notice of the termination of the appointment and of the Paying Agent/Registrar Agreement, stating the effective date of such termination, and (ii) appointing a successor Paying Agent/Registrar; provided that no such termination shall be effective until a successor Paying Agent/Registrar has accepted the duties of Paying Agent/Registrar for the Bonds.

Section 5.05. Notice of Change to Owners.

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

Section 5.06. Agreement to Perform Duties and Functions.

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

Section 5.07. Delivery of Records to Successor.

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

ARTICLE VI

FORM OF THE BONDS

Section 6.01. Form Generally.

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

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

(c) The Bonds shall be printed, lithographed, or engraved, and may be produced by any combination of these methods or produced in any other manner, all as determined by the officers executing such Bonds, as evidenced by their execution thereof, except that the Initial Bond submitted to the Attorney General of Texas, the definitive Bonds delivered to DTC and any temporary Bonds may be typewritten or photocopied or otherwise produced.

Section 6.02. Form of Bonds.

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

(a) [Form of Bond]

REGISTERED

REGISTERED

No. \_\_\_\_\_

\$ \_\_\_\_\_

United States of America  
State of Texas

**CITY OF KILLEEN, TEXAS  
GENERAL OBLIGATION REFUNDING AND IMPROVEMENT BOND  
SERIES 2014**

<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Dated Date</b>	<b>Closing Date</b>	<b>CUSIP Number</b>
_____%	August 1, 20__	June 15, 2014	July 16, 2014	

The City of Killeen (the "City") in Bell County, State of Texas, for value received, hereby promises to pay to

\_\_\_\_\_

or registered assigns, on the Maturity Date specified above, the sum of

\_\_\_\_\_ DOLLARS

and to pay interest on the unpaid principal amount hereof from the later of the Closing Date specified above or the most recent interest payment date to which interest has been paid or provided for until such principal amount shall have been paid or provided for, at the per annum rate of interest specified above, computed on the basis of a 360-day year of twelve 30-day months, such interest to be paid semiannually on February 1 and August 1 of each year, commencing February 1, 2015.

The principal of this Bond shall be payable without exchange or collection charges in lawful money of the United States of America upon presentation and surrender of this Bond at the designated office in Dallas, Texas (the "Designated Payment/Transfer Office"), of the Paying Agent/Registrar executing the registration certificate appearing hereon, or, with respect to a successor Paying Agent/Registrar, at the Designated Payment/Transfer Office of such successor. Interest on this Bond is payable by check dated as of the interest payment date, mailed by the Paying Agent/Registrar to the registered owner at the address shown on the registration books kept by the Paying Agent/Registrar or by such other customary banking arrangements acceptable to the Paying Agent/Registrar, requested by, and at the risk and expense of, the person to whom interest is to be paid. For the purpose of the payment of interest on this Bond, the registered owner shall be the person in whose name this Bond is registered at the close of business on the "Record Date," which shall be the last business day of the month next preceding such interest payment date; provided, however, that in the event of nonpayment of interest on a scheduled interest payment date, and for 30 days thereafter, a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar, if and when funds for the payment of such interest have been received from the City. Notice of the Special Record Date and of the scheduled payment date of the past due interest (the "Special Payment Date", which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail, first class postage prepaid, to the address of each registered owner of a Bond appearing on the books of the Paying Agent/Registrar at the close of business on the last business day preceding the date of mailing such notice.

If a date for the payment of the principal of or interest on the Bonds is a Saturday, Sunday, legal holiday, or a day on which banking institutions in the city in which the Designated Payment/Transfer Office 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 a Saturday, Sunday, legal holiday, or day on which such banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Bond is one of a series of fully registered bonds specified in the title hereof issued in the aggregate principal amount of \$\_\_\_\_\_ (herein referred to as the "Bonds"), issued pursuant to a certain Ordinance of the City Council of the City (the "Ordinance") for the purpose of (i) constructing, improving, renovating and equipping public safety buildings and facilities, including Fire Station No. 9, (ii) constructing, improving, renovating and equipping parks and recreation buildings and facilities, (iii) refunding the Refunded Obligations, and (iv) for the purpose of paying the costs of issuing the Bonds.

The Bonds and the interest thereon are payable from the levy of a direct and continuing ad valorem tax, within the limits prescribed by law, against all taxable property in the City.

The City has reserved the option to redeem the Bonds maturing on and after August 1, 20\_\_\_\_, before their respective scheduled maturity in whole or from time to time in part in integral multiples of \$5,000 on August 1, 20\_\_\_\_, or on any date thereafter, at a price equal to the principal amount of the Bonds so called for redemption plus accrued interest to the redemption date. If less than all of

the Bonds are to be redeemed, the City shall determine the amounts thereof to be redeemed and shall direct the Paying Agent/Registrar to call by lot Bonds, or portions thereof within such maturity or maturities and in such amounts, for redemption.

Notice of such redemption or redemptions shall be sent by United States mail, first-class postage prepaid, not less than 30 days before the date fixed for redemption, to the registered owner of each of the Bonds to be redeemed in whole or in part. Notice having been so given, the Bonds or portions thereof designated for redemption shall become due and payable on the redemption date specified in such notice, and from and after such date, notwithstanding that any of the Bonds or portions thereof so called for redemption shall not have been surrendered for payment, interest on such Bonds or portions thereof shall cease to accrue. Conditional notice of redemption may also be given as provided in the Ordinance.

With respect to any optional redemption of the Bonds, unless certain prerequisites to such redemption required by the Bond Ordinance have been met and moneys sufficient to pay the principal of and premium, if any, and interest on the Bonds to be redeemed shall have been received by the Paying Agent/Registrar prior to the giving of such notice of redemption, such notice shall state that said redemption may, at the option of the City, be conditional upon the satisfaction of such prerequisites and receipt of such moneys by the Paying Agent/Registrar on or prior to the date fixed for such redemption, or upon any prerequisite set forth in such notice of redemption. If a conditional notice of redemption is given and such prerequisites to the redemption and sufficient moneys are not received, such notice shall be of no force and effect, the City shall not redeem such Bonds and the Paying Agent/Registrar shall give notice, in the manner in which the notice of redemption was given, to the effect that the Bonds have not been redeemed.

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

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

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

IT IS HEREBY CERTIFIED AND RECITED that the issuance of this Bond and the series of which it is a part is duly authorized by law; that all acts, conditions and things required to be done precedent to and in the issuance of the Bonds have been properly done and performed and have happened in regular and due time, form and manner, as required by law; and that the total indebtedness of the City, including the Bonds, does not exceed any constitutional or statutory limitation.

IN WITNESS WHEREOF, this Bond has been duly executed on behalf of the City, under its official seal, in accordance with law.

\_\_\_\_\_  
City Secretary , City of Killeen, Texas

\_\_\_\_\_  
Mayor, City of Killeen, Texas

[CITY SEAL]

(b) [Form of Certificate of Paying Agent/Registrar]

#### CERTIFICATE OF PAYING AGENT/REGISTRAR

This is one of the Bonds referred to in the within mentioned Ordinance. The series of Bonds of which this Bond is a part was originally issued as one Initial Bond which was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas.

THE BANK OF NEW YORK MELLON  
TRUST COMPANY, N.A.,  
as Paying Agent/Registrar

Dated: \_\_\_\_\_

By: \_\_\_\_\_  
Authorized Signatory

(c) [Form of Assignment]

#### ASSIGNMENT

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

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

Dated: \_\_\_\_\_

\_\_\_\_\_

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

Signature Guaranteed By:

---

Authorized Signatory

(d) Initial Bond Insertions.

(i) The Initial Bond shall be in the form set forth in paragraph (a) of this Section, except that:

A. immediately under the name of the Bond, the headings "Interest Rate" and "Maturity Date" shall both be completed with the words "As Shown Below" and "CUSIP Number. \_\_\_" deleted;

B. in the first paragraph:

the words "on the Maturity Date specified above" shall be deleted and the following will be inserted: "on August 1 in the years, in the principal installments and bearing interest at the per annum rates set forth in the following schedule:

Years	Principal Installments	Interest Rates
-------	------------------------	----------------

(Information to be inserted from Section 3.02(b) hereof.)

C. In the second paragraph of the Initial Bond, "initial" shall be inserted before "Paying Agent/Registrar" in the first sentence, "executing the registration certificate appearing hereon," shall be deleted and an additional sentence shall be added to the paragraph as follows: "The initial Paying Agent/Registrar is The Bank of New York Mellon Trust Company, N.A.";

D. the Initial Bond shall be numbered T-1.

(ii) The following Registration Certificate of Comptroller of Public Accounts shall appear on the Initial Bond in lieu of the Certificate of Paying Agent/Registrar:

REGISTRATION CERTIFICATE OF  
COMPTROLLER OF PUBLIC ACCOUNTS

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

I HEREBY CERTIFY THAT there is on file and of record in my office a certificate to the effect that the Attorney General of the State of Texas has approved this Bond, and that this Bond has been registered this day by me.

WITNESS MY SIGNATURE AND SEAL OF OFFICE this \_\_\_\_\_.

[SEAL]

\_\_\_\_\_  
Comptroller of Public Accounts  
of the State of Texas

Section 6.03. CUSIP Registration.

The City may secure identification numbers through the CUSIP Service Bureau Division of Standard & Poor's Corporation, and may authorize the printing of such numbers on the face of the Bonds. It is expressly provided, however, that the presence or absence of CUSIP numbers on the Bonds shall be of no significance or effect as regards the legality thereof and neither the City nor the attorneys approving said Bonds as to legality are to be held responsible for CUSIP numbers incorrectly printed on the Bonds.

Section 6.04. Legal Opinion.

The approving legal opinion of McCall, Parkhurst & Horton L.L.P., Bond Counsel for the City, may be printed on the back of each Bond or, in the case of the definitive Bonds delivered to DTC, attached to each definitive Bond, over the certification of the City Secretary, which may be executed in facsimile.

ARTICLE VII

SALE OF THE BONDS;  
CONTROL AND DELIVERY OF THE BONDS

Section 7.01. Sale of Bonds, Official Statement.

(a) The Bonds are hereby sold and shall be delivered to Robert W. Baird & Co., Incorporated, as the senior managing underwriter, and Comerica Securities, Inc. and Raymond James & Associates, Inc., as co-managers, (collectively, the "Purchasers") in accordance with the terms and

provisions of a Bond Purchase Agreement which the Mayor of the City is hereby authorized to execute and deliver and which the City Secretary of the City is hereby authorized to attest. The City will initially deliver to the Purchasers the Bonds authorized under this Ordinance. The Bonds shall initially be registered in the name of Robert W. Baird & Co., Incorporated.

(b) The form and substance of the Official Statement for the Bonds and any addenda, supplement or amendment thereto (the "Official Statement") presented to and considered at this meeting, is hereby in all respects approved and adopted, and the Preliminary Official Statement is hereby confirmed as deemed final as of its date (except for the omission of pricing and related information) within the meaning and for the purposes of paragraph (b)(1) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, by the City Council. The Mayor and City Secretary of the City are hereby authorized and directed to execute the same and deliver appropriate numbers of executed copies thereof to the Purchasers of the Bonds. The Official Statement as thus approved, executed and delivered, with such appropriate variations as shall be approved by the Mayor of the City and the Purchasers of the Bonds, may be used by the Purchasers in the public offering and sale thereof. The use and distribution of the Official Statement in the public offering of the Bonds by the Purchasers is hereby ratified, approved and confirmed. The City Secretary of the City is hereby authorized and directed to include and maintain a copy of the Official Statement and any addenda, supplement or amendment thereto thus approved among the permanent records of this meeting. The use and distribution of the Preliminary Official Statement for the Bonds and the preliminary public offering of the Bonds by the Purchasers is hereby ratified, approved and confirmed.

(c) All officers of the City are authorized to do any and all things to execute and deliver any and all documents, certificates or other instruments necessary or required for the issuance of the policy of municipal bond insurance relating to the Bonds. To the extent permitted by applicable law, the City will comply with all notice and other applicable requirements of the insurer issuing the municipal bond insurance policy and financial guaranty insurance in connection with the issuance of the Bonds, as such requirements may be in the effect and transmitted to Bond Counsel with such insurer's commitment to issue such insurance.

(d) All officers of the City are authorized to execute such documents, certificates and receipts as they may deem appropriate in order to consummate the delivery of the Bonds in accordance with the Bond Purchase Agreement.

(e) The obligation of the Purchasers to accept delivery of the Bonds is subject to the Purchasers' being furnished with the final, approving opinion of Bond Counsel for the City, which opinion shall be dated and delivered the Closing Date.

#### Section 7.02. Control and Delivery of Bonds.

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

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

## ARTICLE VIII

### CREATION OF FUNDS AND ACCOUNTS; DEPOSIT OF PROCEEDS; INVESTMENTS

#### Section 8.01. Creation of Funds.

(a) The City hereby establishes the following special funds or accounts:

(i) the City of Killeen, Texas, General Obligation Refunding and Improvement Bonds, Series 2014, Interest and Sinking Fund (the "Interest and Sinking Fund");

(ii) the City of Killeen, Texas, General Obligation Bonds, Series 2014, Construction Fund (the "Construction Fund"); and

(ii) the City of Killeen, Texas, General Obligation Refunding and Improvement Bonds, Series 2014, Escrow Fund (the "Escrow Fund").

(b) The Interest and Sinking Fund shall be maintained at a depository bank of the City and the Escrow Fund shall be maintained at The Bank of New York Mellon Trust Company, N.A. pursuant to the terms of the Escrow Agreement.

#### Section 8.02. Interest and Sinking Fund.

(a) The taxes levied under Article II shall be deposited to the credit of the Interest and Sinking Fund at such times and in such amounts as necessary for the timely payment of the principal of and interest on the Bonds.

(b) Money on deposit in the Interest and Sinking Fund shall be used to pay the principal of and interest on the Bonds as such become due and payable.

#### Section 8.03. Construction Fund.

(a) Money on deposit in the Construction Fund, including investment earnings thereof, shall be used for certain purposes specified in Section 3.01 of this Ordinance.

(b) All amounts remaining in the Construction Fund after the accomplishment of the purposes for which the Bonds are hereby issued, including investment earnings of the Construction Fund, shall be deposited into the Interest and Sinking Fund.

Section 8.03. Escrow Fund.

(a) Money on deposit in the Escrow Fund, including investment earnings thereof, shall be used for the purpose of refunding the Refunded Obligations in accordance with the Escrow Agreement.

(b) Any amounts remaining in the Escrow Fund after the accomplishment of the purposes for which the Bonds are hereby issued, including investment earnings of the Escrow Fund, shall be deposited into the Interest and Sinking Fund.

(c) The Bank of New York Mellon Trust Company, N.A. is hereby designated as the Escrow Agent. The execution and delivery of the Escrow Agreement, specifying the duties and responsibilities of the City and the Escrow Agent, is hereby approved with such changes as may be approved by the Mayor of the City, and the Mayor and City Secretary of the City are hereby authorized to execute such agreement.

Section 8.04. Security of Funds.

All moneys on deposit in the funds referred to in this Ordinance 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 moneys on deposit in such funds shall be used only for the purposes permitted by this Ordinance.

Section 8.05. Deposit of Proceeds.

All proceeds of the Bonds, including any net original issue premium, remaining after paying the costs of issuance of the Bonds and making any required deposit to the Escrow Fund pursuant to the Escrow Agreement shall be deposited to the Construction Fund.

Section 8.06. Investments.

(a) Money in the Funds established by this Ordinance, at the option of the City, may be invested in such securities or obligations as permitted under applicable law.

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

Section 8.07. Investment Income.

Interest and income derived from investment of any funds created by this Ordinance shall be credited to such fund.

## ARTICLE IX

### PARTICULAR REPRESENTATIONS AND COVENANTS

#### Section 9.01. Payment of the Bonds.

While any of the Bonds are outstanding and unpaid, there shall be made available to the Paying Agent/Registrar, out of the Interest and Sinking Fund, money sufficient to pay the interest on and the principal of the Bonds, as applicable, as will accrue or mature on each applicable Interest Payment Date.

#### Section 9.02. Other Representations and Covenants.

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

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

#### Section 9.03. Covenants Regarding Tax Exemption of Interest on the Bonds.

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

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

(2) to take any action to assure that in the event that the "private business use" described in subsection (1) hereof exceeds 5 percent of the proceeds of the Bonds or the projects financed therewith (less amounts deposited into a reserve fund, if any) then the

amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate," within the meaning of section 141(b)(3) of the Code, to the governmental use;

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

(4) to refrain from taking any action which would otherwise result in the Bonds being treated as "private activity bonds" within the meaning of section 141(b) of the Code;

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

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

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

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

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

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

(8) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Bonds) an amount that is at least equal to 90 percent of the "Excess Earnings," within the meaning of section 148(f) of the Code and to pay to the United States of America, not later than 60 days after the Bonds have been paid in full, 100 percent of the amount then required to be paid as a result of Excess Earnings under section 148(f) of the Code.

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

(c) Proceeds. The City understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and, in the case of refunding bonds, transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Bonds. It is the understanding of the City that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of the Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Bonds, the City will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally recognized bond counsel, will not adversely affect the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Bonds, the City agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally recognized bond counsel, to preserve the exemption from federal income taxation of interest on the Bonds under section 103 of the Code. In furtherance of such intention, the City hereby authorizes and directs the City Manager or Director of Finance to execute any documents, certificates or reports required by the Code and to make such elections, on behalf of the City, which may be permitted by the Code as are consistent with the purpose for the issuance of the Bonds. This Ordinance is intended to satisfy the official intent requirements set forth in Section 1.150-2 of the Treasury Regulations.

(d) Disposition of Project. The City covenants that the property constituting the project financed by the Refunded Obligations will not be sold or otherwise disposed of in a transaction resulting in the receipt by the City of cash or other compensation, unless the City obtains an opinion of nationally-recognized bond counsel that such sale or other disposition will not adversely affect the tax-exempt status of the Bonds. For purposes of this subsection, the portion of the property comprising personal property and disposed in the ordinary course shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this subsection, the City shall not be obligated to comply with this covenant if it obtains an opinion of nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

## ARTICLE X

### DEFAULT AND REMEDIES

#### Section 10.01. Events of Default.

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

- (i) the failure to make payment of the principal of or interest on any of the Bonds when the same becomes due and payable; or
- (ii) default in the performance or observance of any other covenant, agreement or obligation of the City, the failure to perform which materially, adversely affects the rights of the Owners, including but not limited to, their prospect or ability to be repaid in accordance with this Ordinance, and the continuation thereof for a period of 60 days after notice of such default is given by any Owner to the City; or
- (iii) the City files bankruptcy.

#### Section 10.02. Remedies for Default.

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

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

#### Section 10.03. Remedies Not Exclusive.

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

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

## ARTICLE XI

### DISCHARGE AND DEFEASANCE

#### Section 11.01. Defeasance of Bonds.

(a) Any Bond and the interest thereon shall be deemed to be paid, retired and no longer outstanding (a "Defeased Bond") within the meaning of this Ordinance, except to the extent provided in subsections (c) and (e) of this Section, when payment of the principal of such Bond, plus interest thereon to the due date or dates (whether such due date or dates be by reason of maturity, upon redemption, or otherwise) either (i) shall have been made or caused to be made in accordance with the terms thereof (including the giving of any required notice of redemption or the establishment of irrevocable provisions for the giving of such notice) or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar or an eligible trust company or commercial bank for such payment (1) lawful money of the United States of America sufficient to make such payment, (2) Defeasance Securities, certified by an independent public accounting firm of national reputation to mature as to principal and interest in such amounts and at such times as will ensure the availability, without reinvestment, of sufficient money to provide for such payment and when proper arrangements have been made by the City with the Paying Agent/Registrar or an eligible trust company or commercial bank for the payment of its services until all Defeased Bonds shall have become due and payable or (3) any combination of (1) and (2). At such time as a Bond shall be deemed to be a Defeased Bond hereunder, as aforesaid, such Bond and the interest thereon shall no longer be secured by, payable from, or entitled to the benefits of, the ad valorem taxes herein pledged as provided in this Ordinance, and such principal and interest shall be payable solely from such money or Defeasance Securities and thereafter the City will have no responsibility with respect to amounts available to such Paying Agent/Registrar or other eligible institutions for the payment of such Defeased Bonds, including any insufficiency therein caused by failure of the Paying Agent/Registrar or other eligible institutions to receive payment when due on the Defeasance Securities.

(b) The deposit under clause (ii) of subsection (a) shall be deemed a payment of a Bond as aforesaid when proper notice of redemption of such Bonds shall have been given or upon the establishment of irrevocable provisions for the giving of such notice, in accordance with this Ordinance. Any money so deposited with the Paying Agent/Registrar or an eligible trust company or commercial bank as provided in this Section may at the discretion of the City Council also be invested in Defeasance Securities, maturing in the amounts and at the times as hereinbefore set forth, and all income from all Defeasance Securities in possession of the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section which is not required for the payment of such Bond and premium, if any, and interest thereon with respect to which such money has been so deposited, shall be remitted to the City Council.

(c) Notwithstanding any provision of any other Section of this Ordinance which may be contrary to the provisions of this Section, all money or Defeasance Securities set aside and held in trust pursuant to the provisions of this Section for the payment of principal of the Bonds and premium, if any, and interest thereon, shall be applied to and used solely for the payment of the

particular Bonds and premium, if any, and interest thereon, with respect to which such money or Defeasance Securities have been so set aside in trust. Until all Defeased Bonds shall have become due and payable, the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Bonds the same as if they had not been defeased, and the City shall make proper arrangements to provide and pay for such services as required by this Ordinance.

(d) Notwithstanding anything elsewhere in this Ordinance, if money or Defeasance Securities have been deposited or set aside with the Paying Agent/Registrar or an eligible trust company or commercial bank pursuant to this Section for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment of the provisions of this Section shall be made without the consent of the registered owner of each Bond affected thereby.

(e) Notwithstanding the provisions of subsection (a) immediately above, to the extent that, upon the defeasance of any Defeased Bond to be paid at its maturity, the City retains the right under Texas law to later call that Defeased Bond for redemption in accordance with the provisions of this Ordinance, the City may call such Defeased Bond for redemption upon complying with the provisions of Texas law and upon the satisfaction of the provisions of subsection (a) immediately above with respect to such Defeased Bond as though it was being defeased at the time of the exercise of the option to redeem the Defeased Bond and the effect of the redemption is taken into account in determining the sufficiency of the provisions made for the payment of the Defeased Bond.

## ARTICLE XII

### CONTINUING DISCLOSURE UNDERTAKING

#### Section 12.01 Annual Reports.

The City shall provide annually to the MSRB, in an electronic format as prescribed by the MSRB, within six months after the end of any fiscal year, financial information and operating data with respect to the City of the general type included in the final Official Statement authorized by Section 7.02(b) of this Ordinance, being the information described in Exhibit "A" hereto. Any financial statements to be so provided shall be (1) prepared in accordance with the accounting principles described in Exhibit "A" hereto, or such other accounting principles as the City may be required to employ from time to time pursuant to state law or regulation, and (2) audited, if the City 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 City shall provide unaudited financial statements within such period, and audited financial statements for the applicable fiscal year to the MSRB, when and if the audit report on such statements become available.

If the City changes its fiscal year, it will notify the MSRB of the change (and of the date of the new fiscal year end) prior to the next date by which the City otherwise would be required to provide financial information and operating data pursuant to this Section.

The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document that is available to the public on the MSRB's internet web site or filed with the SEC. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

Section 12.02. Event Notices.

The City shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner not in excess of ten business days after the occurrence of the event, of any of the following events with respect to the Bonds:

- A. Principal and interest payment delinquencies;
- B. Non-payment related defaults, if material within the meaning of the federal securities laws;
- C. Unscheduled draws on debt service reserves reflecting financial difficulties;
- D. Unscheduled draws on credit enhancements reflecting financial difficulties;
- E. Substitution of credit or liquidity providers, or their failure to perform;
- F. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other events affecting the tax status of the Bonds;
- G. Modifications to rights of holders of the Bonds, if material within the meaning of the federal securities laws;
- H. Bond calls, if material within the meaning of the federal securities laws and tender offers;
- I. Defeasances;
- J. Release, substitution, or sale of property securing repayment of the Bonds, if material within the meaning of the federal securities laws;
- K. Rating changes;
- L. Bankruptcy, insolvency, receivership or similar event of the City;
- M. The consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City, other than in the ordinary

course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material within the meaning of the federal securities laws; and

- N. Appointment of a successor or additional trustee or the change of name of a trustee, if material within the meaning of the federal securities laws.

The City shall notify the MSRB, in an electronic format as prescribed by the MSRB, in a timely manner, of any failure by the City to provide financial information or operating data in accordance with subsection (a) of this Section by the time required by such subsection. All documents provided to the MSRB pursuant to this Section shall be accompanied by identifying information as prescribed by the MSRB.

#### Section 12.03. Limitations, Disclaimers, and Amendments.

The City shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the City remains an "obligated person" with respect to the Bonds within the meaning of the Rule, except that the City in any event will give notice of any deposit made in accordance with Section 12.02 of this Ordinance that causes the Bonds no longer to be outstanding.

The provisions of this Section are for the sole benefit of the holders and beneficial owners of the Bonds, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The City undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the City's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The City does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Bonds at any future date.

UNDER NO CIRCUMSTANCES SHALL THE CITY BE LIABLE TO THE HOLDER OR BENEFICIAL OWNER OF ANY BOND OR ANY OTHER PERSON, IN CONTRACT OR TORT, FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE CITY, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON, IN CONTRACT OR TORT, FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR *MANDAMUS* OR SPECIFIC PERFORMANCE.

No default by the City in observing or performing its obligations under this Section shall comprise a breach of or default under this Ordinance for purposes of any other provision of this Ordinance.

Should the Rule be amended to obligate the City to make filings with or provide notices to entities other than the MSRB, the City hereby agrees to undertake such obligation with respect to the Bonds in accordance with the Rule as amended.

Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the City under federal and state securities laws.

The provisions of this Section may be amended by the City from time to time to adapt to changed circumstances that arise from a change in legal requirements, a change in law, or a change in the identity, nature, status, or type of operations of the City, but only if (1) the provisions of this Section, as so amended, would have permitted an underwriter to purchase or sell Bonds in the primary offering of the Bonds in compliance with the Rule, taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the holders of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Bonds consents to such amendment or (b) a person that is unaffiliated with the City (such as nationally recognized bond counsel) determines that such amendment will not materially impair the interest of the holders and beneficial owners of the Bonds. If the City so amends the provisions of this Section, it shall include with any amended financial information or operating data next provided in accordance with paragraph (a) of this Section an explanation, in narrative form, of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided. The City may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid, but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Bonds in the primary offering of the Bonds.

### ARTICLE XIII

#### AMENDMENT OF ORDINANCE; FURTHER PROCEDURES; AND SEVERABILITY

##### Section 13.01. Amendment of Ordinance.

The City hereby reserves the right to amend this Ordinance subject to the following terms and conditions, to-wit:

(a) The City may from time to time, without the consent of any holder, except as otherwise required by paragraph (b) below, amend or supplement this Ordinance in order to (i) cure any ambiguity, defect or omission in this Ordinance that does not materially adversely affect the interests of the holders, (ii) grant additional rights or security for the benefit of the holders, (iii) add events of default as shall not be inconsistent with the provisions of this Ordinance and that shall not materially adversely affect the interests of the holders, (iv) qualify this Ordinance under the Trust Indenture Act of 1939, as amended, or corresponding provisions of federal laws from time to time

in effect, or (v) make such other provisions in regard to matters or questions arising under this Ordinance as shall not be inconsistent with the provisions of this Ordinance and that shall not in the opinion of the City's Bond Counsel materially adversely affect the interests of the holders.

(b) Except as provided in paragraph (a) above, the holders of Bonds aggregating in principal amount 51% of the aggregate principal amount of then outstanding Bonds that are the subject of a proposed amendment shall have the right from time to time to approve any amendment hereto that may be deemed necessary or desirable by the City; provided, however, that without the consent of 100% of the holders in aggregate principal amount of the then outstanding Bonds, nothing herein contained shall permit or be construed to permit amendment of the terms and conditions of this Ordinance or in any of the Bonds so as to:

- (1) Make any change in the maturity of any of the outstanding Bonds;
- (2) Reduce the rate of interest borne by any of the outstanding Bonds;
- (3) Reduce the amount of the principal of, or redemption premium, if any, payable on any outstanding Bonds;
- (4) Modify the terms of payment of principal or of interest or redemption premium on outstanding Bonds or any of them or impose any condition with respect to such payment; or
- (5) Change the minimum percentage of the principal amount of the Bonds necessary for consent to such amendment.

(c) If at any time the City shall desire to amend this Ordinance under this Section, the City shall send by U.S. mail to each registered owner of the affected Bonds a copy of the proposed amendment and cause notice of the proposed amendment to be published at least once in a financial publication published in The City of New York, New York or in the State of Texas. Such published notice shall briefly set forth the nature of the proposed amendment and shall state that a copy thereof is on file at the office of the City for inspection by all holders of such Bonds.

(d) Whenever at any time within one year from the date of publication of such notice the City shall receive an instrument or instruments executed by the holders of at least 51% in aggregate principal amount of all of the Bonds then outstanding that are required for the amendment, which instrument or instruments shall refer to the proposed amendment and that shall specifically consent to and approve such amendment, the City may adopt the amendment in substantially the same form.

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

(f) Any consent given by the holder of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice provided for in this Section, and shall be conclusive and binding upon all future holders of the same Bond during such period. Such consent may be revoked at any time after six months from the date of the publication of said notice by the holder who gave such consent, or by a successor in title, by filing notice with the City, but such revocation shall not be effective if the holders of 51% in aggregate principal amount of the affected Bonds then outstanding, have, prior to the attempted revocation, consented to and approved the amendment.

Section 13.02. Refunding and Redemption of Refunded Obligations.

In connection with the refunding of the Refunded Obligations the City Manager and the Director of Finance are each hereby authorized to execute such subscriptions or other documentation for the purchase of United States Treasury Securities and to authorize the transfer of funds, if any, as may be necessary for the Escrow Fund. The Refunded Obligations are hereby called for redemption and shall be redeemed prior to maturity on the dates, places and at the prices set forth in the notice of deposit and prior redemption attached hereto as Exhibit "B". The City Manager and Director of Finance are authorized to finalize the notice of deposit and redemption. Notice of redemption shall also be provided to the paying agents for the Refunded Obligations and such paying agents shall provide notice as set forth in the ordinances authorizing the Refunded Obligations.

Section 13.03. Further Procedures.

The officers and employees of the City are hereby authorized and directed from time to time and at any time to do and perform all such acts and things and to execute, acknowledge and deliver in the name and on behalf of and under the corporate seal of the City all such instruments, whether mentioned herein or not, 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 Bonds, the Paying Agent/Registrar Agreement, and the Official Statement. In addition, prior to the initial delivery of the Bonds, the Mayor, the City Manager or Director of Finance of the City, and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Ordinance or to any of the instruments authorized and approved by this Ordinance necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Ordinance and as described in the Official Statement, (ii) obtain a rating from any of the national bond rating agencies, or (iii) obtain the approval of the Bonds by the Attorney General of Texas. In the event that any officer of the City whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature nevertheless shall be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

Section 13.04. Payment of Attorney General Fee.

The City hereby authorizes the disbursement of a fee equal to the lesser of (i) one-tenth of one percent of the principal amount of the Bonds or (ii) \$9,500, provided that such fee shall not be less than \$750, to the Attorney General of Texas Public Finance Division for payment of the examination fee charged by the State of Texas for the Attorney General's review and approval of

public securities and credit agreements, as required by Section 1202.004, Texas Government Code, as amended. The appropriate member of the City's staff is hereby instructed to take the necessary measures to make this payment. The City is also authorized to reimburse the appropriate City funds for such payment from proceeds of the Bonds.

Section 13.05. Severability.

If any section, article, paragraph, sentence, clause, phrase or word in this Ordinance, or application thereof to any person or circumstance is held to be invalid or unenforceable, the remainder of this Ordinance and the application of such section, article, paragraph, sentence, clause, phrase or word to other persons and circumstances nevertheless shall be valid and enforceable; and it is hereby declared that this Ordinance would have been enacted without such invalid or unenforceable provision.

Section 13.06. No Personal Liability.

No covenant or agreement contained in the Bonds, this Ordinance or any corollary instrument shall be deemed to be the covenant or agreement of any member of the City Council or any officer, agent, employee or representative of the City Council in his or her individual capacity, and neither the directors, officers, agents, employees or representatives of the City Council nor any person executing the Bonds shall be personally liable thereon or be subject to any personal liability for damages or otherwise or accountability by reason of the issuance thereof, or any actions taken or duties performed, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the issuance of the Bonds.

Section 13.07. Reimbursement.

The City Council expects to pay expenditures in connection with the projects prior to the issuance of the Bonds. The City Council finds, considers and declares that the reimbursement of the City Council for the payment of such expenditures will be appropriate and consistent with the lawful objectives of the City Council and, as such, chooses to declare its intention, in accordance with the provisions of Section 1.150- 2 of the Treasury Regulations, to reimburse itself for such payments at such time as it issues Bonds to accomplish the purposes set forth in this Ordinance. All costs to be reimbursed pursuant hereto will be capital expenditures. No Bonds will be issued by the City Council in furtherance of this Ordinance after a date which is later than 18 months after the later of (1) the date the expenditures are paid or (2) the date on which the property, with respect to which such expenditures were made, is placed in service. The foregoing notwithstanding, no Bonds will be issued pursuant to this Ordinance more than three years after the date any expenditure which is to be reimbursed is paid unless the City Council receives an engineering certification that such projects will require five years to be completed.

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FINALLY PASSED, APPROVED AND EFFECTIVE ON FIRST READING IN  
ACCORDANCE WITH Section 1201.028 Texas Government Code this June 24, 2014.

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Mayor, City of Killeen, Texas

ATTEST:

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City Secretary , City of Killeen, Texas

[CITY SEAL]

APPROVED AS TO FORM:

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City Attorney, City of Killeen, Texas

## EXHIBIT A

### DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Article XII of this Ordinance.

#### Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided in accordance with such Section are as specified (and included in the Appendix or under the headings of the Official Statement referred to) below:

1. The portions of the financial statements of the City appended to the Official Statement as Appendix B, but for the most recently concluded fiscal year.
2. Statistical and financial data set forth in Tables 1 through 4 and 6 through 10.

#### Accounting Principles

The accounting principles referred to in such Article are the accounting principles described in the notes to the financial statements referred to in Paragraph 1 above.

## EXHIBIT B

### NOTICE OF REDEMPTION/DEFEASANCE

#### CITY OF KILLEEN, TEXAS

**NOTICE IS HEREBY GIVEN** that the following obligations (the "Obligations") issued by the City of Killeen, Texas (the "City") have been defeased and called for redemption prior to their scheduled maturities, at a price of par and accrued interest to the date of redemption, to-wit:

City of Killeen, Texas Combination Tax and Revenue Certificates of Obligation, Series 2005 maturing on August 1, 2015, aggregating \$300,000 in principal amount.

<u>Maturity</u> <u>August 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Redemption</u> <u>Date</u>	<u>CUSIP</u> <u>Number*</u>
2015	\$300,000	4 .500%	August 1, 2014	494134 4Z9

\*The CUSIP Numbers have been assigned to this issue by the CUSIP Service Bureau and are included solely for the convenience of the owners of the Obligations. The City shall not be responsible for the selection or the correctness of the CUSIP numbers set forth herein.

The redemption price for the above Obligations is par plus accrued interest to the date fixed for redemption. Such Obligations shall be redeemed on and shall not longer bear interest after the redemption date. Due provision for the payment of the Obligations described above has been made with The Bank of New York Mellon Trust Company of Texas, N.A., Dallas, Texas (the "Bank"), and said Obligations shall be presented for payment either in person or by mail, at the following addresses:

**First Class/Registered/Certified Mail**

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Institutional Trust Services  
P.O. Box 2320  
Dallas, Texas 75221-2320

**By Overnight or Courier**

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2001 Bryan Street, 9<sup>th</sup> Floor  
Dallas, Texas 75201

**By Hand**

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GIS Unit Trust Window  
4 New York Plaza, 1st Floor  
New York, NY 10004

In compliance with section 3406 of the Internal Revenue Code of 1986, as amended, payors making certain payments due on debt securities may be obligated to deduct and withhold a portion of such payment from the remittance to any payee who has failed to provide such payor with a valid taxpayer identification number. To avoid the imposition of this withholding tax, such payees should submit a certified taxpayer identification number when surrendering the Obligations for redemption.

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**CITY OF KILLEEN, TEXAS**

## NOTICE OF REDEMPTION/DEFEASANCE

### CITY OF KILLEEN, TEXAS

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City of Killeen, Texas Combination Tax and Revenue Certificates of Obligation,  
Series 2006 maturing on August 1 in each of the years 2016 through 2017, inclusive,  
aggregating \$725,000 in principal amount.

<u>Maturity</u> <u>August 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Redemption</u> <u>Date</u>	<u>CUSIP</u> <u>Number*</u>
2016	\$355,000	4.250%	August 1, 2015	494134 XQ7
2017	\$370,000	4.250%	August 1, 2015	494134 XR5

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New York, NY 10004

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**CITY OF KILLEEN, TEXAS**

**NOTICE OF REDEMPTION/DEFEASANCE**

**CITY OF KILLEEN, TEXAS**

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City of Killeen, Texas General Obligation Bonds, Series 2006 maturing on August 1 in each of the years 2016 through 2017, inclusive, aggregating \$775,000 in principal amount.

<b><u>Maturity</u></b> <b><u>August 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Redemption</u></b> <b><u>Date</u></b>	<b><u>CUSIP</u></b> <b><u>Number*</u></b>
2016	\$380,000	4.250%	August 1, 2015	494134 YM5
2017	\$395,000	4.250%	August 1, 2015	494134 YN3

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**CITY OF KILLEEN, TEXAS**

## NOTICE OF REDEMPTION/DEFEASANCE

### CITY OF KILLEEN, TEXAS

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City of Killeen, Texas Combination Tax and Revenue Certificates of Obligation,  
Series 2007 maturing on August 1 in each of the years 2016 through 2018, inclusive,  
aggregating \$2,440,000 in principal amount.

<u>Maturity</u> <u>August 1</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Redemption</u> <u>Date</u>	<u>CUSIP</u> <u>Number*</u>
2016	\$780,000	4.000%	August 1, 2015	494134 ZG7
2017	\$815,000	4.000%	August 1, 2015	494134 ZH5
2018	\$845,000	4.000%	August 1, 2015	494134 ZJ1

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**CITY OF KILLEEN, TEXAS**

**NOTICE OF REDEMPTION/DEFEASANCE**

**CITY OF KILLEEN, TEXAS**

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City of Killeen, Texas General Obligation Bonds, Series 2007 maturing on August 1 in each of the years 2016 through 2018, inclusive, aggregating \$1,875,000 in principal amount.

<b><u>Maturity</u></b> <b><u>August 1</u></b>	<b><u>Principal</u></b> <b><u>Amount</u></b>	<b><u>Interest</u></b> <b><u>Rate</u></b>	<b><u>Redemption</u></b> <b><u>Date</u></b>	<b><u>CUSIP</u></b> <b><u>Number*</u></b>
2016	\$600,000	4.000%	August 1, 2015	494134 A90
2017	\$625,000	4.000%	August 1, 2015	494134 B24
2018	\$650,000	4.000%	August 1, 2015	494134 B32

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The redemption price for the above Obligations is par plus accrued interest to the date fixed for redemption. Such Obligations shall be redeemed on and shall not longer bear interest after the redemption date. Due provision for the payment of the Obligations described above has been made with The Bank of New York Mellon Trust Company of Texas, N.A., Dallas, Texas (the "Bank"), and said Obligations shall be presented for payment either in person or by mail, at the following addresses:

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**CITY OF KILLEEN, TEXAS**